



# 第一拖拉机股份有限公司\*

## FIRST TRACTOR COMPANY LIMITED

(a joint stock company incorporated in The People's Republic of China with limited liability)

(Stock Code: 0038)

## ARTICLES OF ASSOCIATION

Approved and Accepted at the Extraordinary Shareholders'  
General Meeting Held on June 5, 1997

Amended at the Extraordinary Shareholders' General Meeting Held on November 18, 2002

Amended at the Shareholders' General Meeting Held on October 28, 2004

Amended at the Board Meeting Held on October 31, 2007

(Under Authorization of the Annual Shareholders' General Meeting Held on June 15, 2007)

Amended at the Extraordinary Shareholders' General Meeting Held on September 9, 2008

Amended at the Annual Shareholders' General Meeting Held on June 19, 2009

Amended at the Extraordinary Shareholders' General Meeting Held on August 16, 2010

Amended at the Extraordinary Shareholders' General Meeting Held on January 19, 2012

Amended at the Extraordinary Shareholders' General Meeting Held on March 6, 2012

Amended at the Board Meeting Held on August 14, 2012

(Under Authorization of the Extraordinary Shareholders' General Meeting on August 15, 2011)

Amended at the Annual Shareholders' General Meeting Held on May 29, 2014

Amended at the Extraordinary Shareholders'  
General Meeting Held on October 31, 2014

Amended at the Extraordinary Shareholders'  
General Meeting Held on October 29, 2015

*These Articles have both Chinese and English versions, the English version is for reference only. Should there be any discrepancy between the two versions, the Chinese version shall always prevail.*

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**FIRST TRACTOR COMPANY LIMITED**  
**(a joint stock company incorporated in the People’s**  
**Republic of China with limited liability)**

**Articles of Association**

**CHAPTER 1 GENERAL PROVISIONS**

Article 1. First Tractor Company Limited (hereafter as “**this Company**” or “**the Company**”) is a joint stock limited company incorporated in accordance with the Company Law of the People’s Republic of China(hereafter as the “**Company Law**”), the Special Provisions of the State Council concerning the Flotation and Listing Abroad of Shares by Joint Stock Company with Limited Liability (國務院關於股份有限公司境外募集股份及上市的特別規定) (hereafter the “**Special Provisions**”) and other relevant laws and administrative regulations of the People’s Republic of China (hereafter as the “**PRC**”). In order to comply with the Company Law, Special Provisions and Guidelines on Articles of Association of Listed Companies (as amended in 2006) (《上市公司章程指引》(2006年修訂)), the Company convened an extraordinary general meeting on 8 May 1997, an extraordinary general meeting on 18 November 2002, a general meeting on 28 October 2004, a Board meeting on 31 October 2007 (as authorized by the annual general meeting of the Company on 15 June 2007), an extraordinary general meeting on 9 September 2008, the 2008 annual general meeting, an extraordinary general meeting on 16 August 2010, the extraordinary shareholders’ general meeting held on 19 January 2012, the extraordinary shareholders’ general meeting held on 6 March 2012, a Board meeting on 14 August 2012 (as authorized by the extraordinary general meeting on 15 August 2011), the 2013 annual general meeting, the extraordinary shareholders’ general meeting held on 31 October 2014 and the extraordinary shareholders’ general meeting held on 29 October 2015 to amend its Articles of Association.

Upon approval by the State Commission for Restructuring the Economic Systems, as evidenced by Document No. Ti Gai Sheng [1992] 60, the Company was incorporated on 8 May 1997 by means of sponsorship, was registered with the Henan Province Administration for Industry and Commerce on 8 May 1997, and obtained an Enterprise Entity Business License thereafter.

Promoter of the Company: the First Tractor Engineering Machinery Co., which was renamed to YTO Group Corporation (“**YTO**”) in May 1997.

- Article 2. The overseas listed foreign shares, denominated in foreign currency and listed overseas, were issued to foreign investors by the Company and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1997. In addition, the Company was approved by China Securities Regulatory Committee to issue its ordinary shares denominated in RMB to the domestic public for the first time, and they were listed on the Shanghai Stock Exchange on 8 August 2012.
- Article 3. The Company's registered name in Chinese: 第一拖拉機股份有限公司  
The Company's registered name in English: First Tractor Company Limited
- Article 4. The Company's address: 154 Jian She Road, Luoyang, Henan Province, PRC  
Postal Code: 471004  
Tel: 0379-64967038  
Fax: 0379-64967438
- Article 5. Authorized legal representative of the Company is the Chairman of the Board of Directors of the Company.
- Article 6. The Company is a joint stock limited company with perpetuity.
- Article 7. The Articles of Association shall be approved and accepted by a special resolution of a shareholders' general meeting and become effective on the date of approval by the relevant national authorities to replace the former Articles of Association registered at the industrial and commercial administrative authorities.
- Article 8. These Articles are prepared mainly pursuant to the Company Law, the "Mandatory Provisions for Articles of Association of the Companies to be Listed Overseas" (Zheng Wei Fa [1994] No. 21) (hereafter as the "**Mandatory Provisions**") issued by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System on 27 August 1994, "Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong" (Zheng Jian Hai Han [1995] No. 1) issued by Overseas Listing Division of China Securities Regulatory Commission and the State Commission for Restructuring the Economic System on 3 April 1995 and Guidelines on Articles of Association of Listed Companies (as amended in 2014) issued by China Securities Regulatory Commission on 16 March 2006. The amendments to the Articles of Association in relation to the Mandatory Provisions shall be made in accordance with Article 255.

Article 9. The Articles of Association shall be the legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and its shareholders and among the shareholders from the date on which the Articles of Association become effective.

Article 10. The Articles of Association shall be binding upon the Company and its shareholders, Directors, supervisors, general manager and other senior officers. All the above persons may make claims related to Company matters in accordance with the Articles of Association.

Shareholders may sue the Company in accordance with the Articles of Association. The Company may sue shareholders in accordance with its Articles of Association. Shareholders may sue shareholders in accordance with the Articles of Association. Shareholders may sue Directors, supervisors, general manager and other senior officers of the Company in accordance with the Articles of Association.

For the purposes of the above paragraph, the term “sue” shall include court proceedings and arbitration proceedings.

Article 11. The entire capital of the Company is divided into shares of equal value and shareholders shall be liable to the Company to the extent of the shares held by them. The Company is liable for its debts with all its assets.

Subject to compliance with relevant laws and regulations, and with the approval of the relevant state authorities, the Company shall be entitled to raise funds or borrow money, including but not limited to the issuance of debentures. The Company shall also be entitled to provide security to any third party. The Company shall not infringe or abolish the rights of any class of shareholders when exercising the above rights.

Article 12. The Company is an independent enterprise legal person. All the acts of the Company shall be in accordance with the laws and regulations of China and shall protect the legal rights and interests of its shareholders. The Company is subject to the jurisdiction and protection of laws, regulations, and other relevant governmental provisions of the PRC.

Article 13. The Company may invest in other enterprises. The liabilities of Company to the investee company shall be limited to the amount of the capital contribution by the Company invested into the investee company. Unless stipulated by laws otherwise, the Company shall not be a capital contributor with joint liability to such enterprise(s) for their liabilities.

## **CHAPTER 2      OBJECTIVES AND SCOPE OF BUSINESS**

Article 14.      The business objectives of the Company are: to utilize all favorable factors, use overseas capital, develop the business of manufacturing and selling agricultural tractors and the relevant special supporting accessories, develop domestic and international markets, implement advanced scientific management, meet the needs of the market, improve production efficiency, and to maximize the return on investment for shareholders of the Company.

Article 15.      The scope of business of the Company shall be subject to the approval of the relevant administrations items authorized by the Company registration authority.

Upon registration as stipulated by laws, the scope of business of the Company includes: design, manufacture, sales and services in relation to agricultural machinery products such as tractors, harvesters and farm equipment and implement, and series products such as diesel engines, mobile power stations, electric generating sets, forklift trucks, casting parts and spare parts, as well as research and development of technologies, transfer, contracting and consultation services in relation to tractors and construction machineries; engaging in the imports and exports of self-manufacturing products of the Company (including the corporate members of the Company) and related technologies, except the products or technologies which are restricted to be exclusively engaged by the Company or prohibited for imports and exports by the State. (For products which are subject to quota permit and specific regulations, relevant requirements of the State shall be followed.)

Article 16.      The Company may change its scope of business after amending its Articles of Association in accordance with the statutory procedure and registering the changes at the Company registration authority.

## **CHAPTER 3      SHARES AND REGISTERED CAPITAL**

Article 17.      The Company shall have ordinary shares at all times. The ordinary shares issued by the Company shall include domestic shares and foreign shares. The Company may have other classes of shares if necessary, upon approval by the examining and approving departments authorized by the State Council.

Article 18.      The shares issued by the Company shall be in the form of share certificates. All the shares issued by the Company shall bear a par value of RMB1.

Article 19. Subject to the approval of the securities authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

For the purposes of the preceding paragraph, the term “foreign investors” shall refer to investors from foreign countries or from Hong Kong, Macau or Taiwan who have subscribed for shares issued by the Company, and the term “domestic investors” shall refer to investors inside the PRC, excluding the above-mentioned regions, who have subscribed for shares issued by the Company.

Article 20. Shares which are issued by the Company to the domestic investors and subscribed for in Renminbi are called domestic shares. The domestic shares which are listed domestically shall be known as domestically listed Renminbi ordinary shares. Shares which are issued by the Company to foreign investors and subscribed for in foreign currencies are called foreign shares. Foreign shares which are listed overseas are known as overseas listed foreign shares. Both the domestic shareholders and foreign shareholders are ordinary shareholders and have the same rights and responsibilities.

Article 21: Domestic shares may, upon passing of an appropriate resolution at a shareholders’ meeting, application for approval by the Board to the relevant governmental authorities and approval of such authorities, be listed on stock exchanges in the PRC and shall be collectively known as A shares after listing on stock exchanges in the PRC. Overseas listed foreign shares may be listed on the Hong Kong Stock Exchange upon passing of an appropriate resolution at a shareholders’ meeting and approval of the relevant governmental authorities, and shall be collectively known as H shares after listing on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).



Article 22. Under approval by the former State Administration of State-owned Assets, as evidenced by Document Guo Zi Qi Fa [1997] No. 56, the Company featured the following share capital structure when it was incorporated:

<b>Founder</b>	<b>Nature of Shares</b>	<b>Nature of Shares</b>	<b>Time of Contribution</b>	<b>Number of Shares (0'000 shares)</b>	<b>Percentage of Shareholding (%)</b>
YTO	State-owned legal entity shares	Real assets and cash	1997.1.1	45,000	100
Total Share Capital				45,000	100

Article 23. On 20 May 1997, the Securities Committee of the State Council issued the Document Zheng Wei Fa [1997] No. 34, stating the Approval on the First Tractor Company Limited's Issuance of Overseas Listed Foreign Invested Shares. The Company was successfully listed on the main board of the Stock Exchange of Hong Kong and issued 335,000,000 H shares in 1997. The Company featured the following share capital structure after the completion of the issue:

<b>Shareholder's name</b>	<b>Nature of Shares</b>	<b>Number of Shares (0'000 shares)</b>	<b>Shareholding Ratio (%)</b>
YTO	State-owned legal person shares	45,000	57.32
Shareholders of H Shares	Listed Shares	33,500	42.68
Total share capital		78,500	100



Article 24. On 22 October 2007, upon the approval by the China Securities Regulatory Commission, as evidenced by the Approval on the First Tractor Company Limited’s Added Issuance of Overseas Listed Foreign Invested Shares (Zheng Jian Guo He Zi [2007] No.27), the Company further issued overseas-listed foreign invested shares. The Company featured the following share capital structure after the completion of the further issuance:

<b>Shareholder’s name</b>	<b>Nature of Shares</b>	<b>Number of Shares (0’000 shares)</b>	<b>Shareholding Ratio (%)</b>
YTO	State-owned legal person shares	44,391	52.48
Shareholders of H Shares	Listed Shares	40,199	47.52
Total share capital		84,590	100

Article 25. Upon approval of China Securities Regulatory Commission through the “Approval Regarding Initial Public Offer of Shares of First Tractor Company Limited” (Zheng Jian Xu Ke No.[2012]736), the Company issued domestically listed domestic shares for the first time and was listed on the Shanghai Stock Exchange on 8 August 2012. Upon completion of the issuance, the shareholding structure of the Company is as follows:

<b>Name of Shareholders</b>	<b>Nature of Shares</b>	<b>Number of Shares (0’000 shares)</b>	<b>Shareholding Ratio (%)</b>
YTO	Restricted circulating A shares (state-owned legal person shares)	43,391	44.574%
Holder of H Shares	Listed circulating shares	40,199	40.364%
Holder of A Shares	Listed circulating shares	15,000	15.062%
Total Share Capital		99,590	100%

Article 26. Where the Company issues overseas listed foreign-invested shares and domestic shares separately within the total number of shares specified in the issue plan, every such issue shall be fully subscribed for in one time. If the shares cannot be fully subscribed for all at a time due to special circumstances, the shares may, subject to the approval of the State Council Securities Commission, be issued on a separate occasions.

Article 27. The registered capital and the total share capital of the Company are RMB 995,900,000 and 995,900,000 shares, respectively. The adjustment of the Company's registered capital has to be registered with the administration department of industry and commerce and be processed in accordance with the procedures stipulated under relevant laws and administrative regulations of the State.

Article 28. The Company may, based on its business and development requirements, authorize the increase of its capital pursuant to relevant provisions of the Articles of Association.

The Company may increase its capital by the following methods:

- (1) By offering new shares for subscription by unspecified investors;
- (2) By placing new shares to its existing shareholders;
- (3) By allotting new shares to its existing shareholders;
- (4) Convert capital reserve into additional share capital;
- (5) The other methods permitted by laws and administrative regulations of PRC.

The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

Article 29. After the Company has finished the increase of capital, it shall register such modification with the Company registration authority and make an announcement thereof pursuant to the Articles of Association.

Article 30. Except as otherwise stipulated in the laws and administrative regulations, shares in the Company may be transferred freely with no lien attached.

## CHAPTER 4 CAPITAL REDUCTION AND REPURCHASE OF SHARES

Article 31. The Company may reduce its registered capital in accordance with the provisions of its Articles of Association.

Article 32. When the Company is to reduce its capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

Any reduction in the registered capital of the Company shall be registered with the Company's registration authorities as stipulated by laws.

Article 33. The Company may, in the following circumstances, repurchase its own issued and outstanding shares in accordance with the procedures provided for in its Articles of Association, subject to submission to and approval by the relevant State authorities:

- (1) Cancellation of shares for the purposes of reducing its capital;
- (2) Merging with another company that holds shares in the Company;
- (3) Granting shares as rewards to the employees of the Company;
- (4) Repurchasing of shares made upon the request of its shareholders who disagree with resolutions passed at a general meeting in connection with a merger or division of the Company;
- (5) Other circumstances where laws and administrative regulations so permit.

Any acquisition of its own shares by the Company for the reasons under clauses (1) to (3) of this Article shall be resolved at general meeting.

Any shares of the Company so acquired by the Company in accordance with clause (1) shall be cancelled within 10 days from the date of acquisition. In the event of the circumstances set forth in clauses (2) and (4), the shares so acquired shall be transferred or cancelled within 6 months.

If the Company repurchases its own shares in accordance with the provisions of item (3), the shares so repurchased shall not exceed five percent (5%) of the total outstanding shares; funds to be used to repurchase such shares shall be paid out of the after-tax profits of the Company; and the shares so repurchased shall be transferred to the employees of the Company within one year.

The Company shall not accept the pledge of its own shares as security.

Article 34. After the Company is approved by the relevant State authorities to buy back its own shares, it may proceed in any of the following manners:

- (1) Making an offer for the repurchase of shares to all shareholders on a pro rata basis;
- (2) Repurchasing shares through open transactions on a stock exchange;
- (3) Repurchasing by a contractual agreement off the stock exchange;
- (4) Other methods as stipulated by the laws, the administrative regulatory provisions and the securities regulatory authorities of the State Council.

Article 35. The Company shall obtain the prior approval of the shareholders in a general meeting, in the manner stipulated in the Company's Articles of Association, before it repurchases shares outside the stock exchange by an agreement. Upon prior approval by the shareholders' general meeting obtained in the same manner, the Company may rescind or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the repurchasing of shares shall include, but not limited to, agreements whereby repurchasing obligations are undertaken and repurchasing rights are acquired.

The Company shall not assign contracts for the repurchase of its own shares or any of its rights contained in such contracts.

Article 36. After the Company has repurchased its shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations and shall apply to the original Company registry for registration of the change in registered capital. The amount of the Company's registered capital shall be reduced by the total par value of the shares so cancelled.

After the Company has reduced its registered capital, it shall carry out the procedure of registration modification with the Company registration authority and make an announcement thereof.

Article 37. Unless the Company has already entered the liquidation stage, it shall comply with the following provisions when repurchasing its issued and outstanding shares:

- (1) Where the Company repurchases shares at their par value, payment shall be made out of the book balance of the distributable profits of the Company and the proceeds from the new shares issuance for the purpose of repurchasing the original shares;
- (2) Where the Company repurchases shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares. The portion in excess of the par value shall be handled according to the following methods:
  - (i) Where the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
  - (ii) Where the shares repurchased are issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue for the purpose of repurchasing the old shares; however, the amount deducted from the proceeds of the fresh share issue may neither exceed the total premium obtained at the time of issuance of the old shares nor exceed the amount in the Company's premium account (or capital common reserve amount) (including the premiums from the fresh share issue) at the time of repurchasing;

- (3) The sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
- (i) Acquisition of the right to repurchase its own shares;
  - (ii) Modification of any contract for the repurchase of its own shares;
  - (iii) Release from any of its obligations under the repurchase contract.
- (4) After the par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to purchase shares at the par value of the bought back shares shall be included in the Company's premium account (or capital common reserve account).

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR THE PURCHASE OF SHARES OF THE COMPANY**

Article 38. The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 40 of this Chapter.

Article 39. For the purposes of this Part, the term “financial assistance” shall include, but not be limited to, the financial assistance in the forms set out below:

- (1) Gift;
- (2) Guarantee (including the assumption of liability or provisions of assets by the guarantor in order to secure the performance of the obligation by the obligator), compensation (not including, however, compensation arising from the Company’s own fault), release or waiver of rights;
- (3) Provision of a loan or the making of any other agreement under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or agreement as well as the assignment of rights under such loan or agreement; and
- (4) Financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a reduction in the Company’s net assets to a material extent.

For the purposes of this Chapter, the term “ assumption of obligations” shall include the assumption of an obligation by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person) or by changing its financial position in any other way.

Article 40. The acts listed below shall not be regarded as acts prohibited under Article 38:

- (1) Where the Company provides the relevant financial assistance in good faith for the benefit of the Company and the principal purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) Lawful distribution of the Company’s property in the form of dividends;
- (3) Distribution of dividends in the form of shares;



- (4) A reduction of registered capital, a repurchase of shares of the Company or a reorganization of the share capital structure of the Company effected in accordance with the Company's Articles of Association;
- (5) Provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits); and
- (6) The provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

## **CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF MEMBERS**

Article 41. Share certificates of the Company shall be in registered form, a share certificate issued by the Company is the evidence of the share(s) held by a shareholder.

In addition to the particulars provided for in the "Company Law", the share certificates of the Company shall clearly state such other particulars as required to be specified by the stock exchange(s) on which the Company's shares are listed.

Article 42. The share certificates shall be signed by the Chairman of the Board. Where the signatures of other senior officers of the Company are required by the stock exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior officers. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The share certificates shall only be sealed with the Company's seal under the authorization of the Board of Directors. The signature of the Chairman of the Board or of other senior officers on the share certificates may also be in printed form.

Article 43. Shares of the Company can be transferred in accordance with laws. The shares of the Company held by the promoters cannot be transferred within one year since the incorporation of the Company. The promoters' shares issued prior to the domestic initial public offering of shares of the Company are not transferable within one year from the date of listing and trading of the Company's shares on a domestic stock exchange.

The Directors, supervisors, general managers and other Senior Management of the Company shall report to the Company the number of the Company's shares held by them and any changes thereof. No more than 25% of the total number of shares of the Company held by them shall be transferred each year during their term of office. Shares of the company held by the aforesaid staff are not transferable within one year from the date of listing of the Company's shares on a domestic stock exchange. Shares of the Company held by them are not transferable within the first half year of their cessation of employment with the Company.

Article 44. If the Directors, supervisors, general managers, other Senior Management of the Company and shareholders of more than 5% of the Company's shares (except shareholders of H shares) sell their shares within six months from the date of acquisition, or make further acquisition within six months from the date of sale, the profits so generated shall belong to the Company and the Board of Directors of the Company will call back the gain so generated.

If the Board of Directors of the Company fails to act according to the above paragraph, the shareholders shall be entitled to request the Board to act within 30 days. If the Board of Directors of the Company fails to act within the prescribed period stated above, the shareholders shall be entitled to bring an action to the People's Court directly in their own names in order to protect the interests in the Company.

If the Board of Directors of the Company fails to act according to the first paragraph of this Article, the responsible Directors shall be jointly liable as stipulated by law.

Article 45. The Company shall keep a register of members, in which the following particulars shall be recorded:

- (1) The name (title) and address (residence), the occupation or nature of each shareholder;
- (2) The class and number of shares held by each shareholder;
- (3) The amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) The serial numbers of the shares held by each shareholder;
- (5) The date on which each shareholder is registered as a shareholder; and
- (6) The date on which each shareholder ceases to be a shareholder.

The register of members shall be sufficient evidence of the holding of Company's shares by a shareholder, unless there is evidence to the contrary.

Article 46. The Company may, pursuant to a mutual understanding or agreements reached between the State Council authorities in charge of securities and overseas securities regulatory organizations, maintain the register of members for holders of overseas-listed foreign-invested shares and appoint overseas agent(s) to manage such register of members. The original register of holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall keep at its residence a duplicate of the register of holders of foreign-invested shares listed outside Mainland China. The appointed agent outside Mainland China shall ensure that the register of holders of foreign-invested shares listed outside Mainland China and its duplicate are consistent at all times.

When the original and duplicate of the register of holders of foreign-invested shares listed outside Mainland China are inconsistent, the original shall prevail.

Article 47. The Company shall keep a complete register of members.

The register of members shall include the following parts:

- (1) The register of members which is maintained at the Company's residence (other than those share registers which are described in sub-paragraphs (2) and (3) of this Article);

- (2) The register(s) of holders of foreign-invested shares listed outside Mainland China kept in the place(s) of the stock exchange(s) outside Mainland China where the shares are listed; and
- (3) The register of members which is maintained in such other place as the Board of Directors may consider necessary for the purposes of the listing of the Company's shares.

Article 48. The various parts of the register of members shall not overlap one another. The transfer of shares registered in a certain part of the register of members shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of members shall be made in accordance with the laws of the places where each part is kept.

- Article 49.
- (1) All overseas-listed foreign-invested shares listed in Hong Kong shall be transferred by an instrument in writing in any usual or common form or any other form which the Board of Directors may approve. The instrument of transfer may only be signed by hand or signed in printed mechanical form, without the Company's seal. All the instruments of transfer shall be maintained in the legal address of the Company or the address the Board of Directors may designate from time to time.
  - (2) All overseas-listed foreign-invested shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with the Articles of Association. However, unless such transfer complies with the following requirements, the Board of Directors may refuse to recognize any instrument of transfer and would not need to provide any reason therefore:
    - (i) A fee of HK\$2.50 or such amount as stipulated from time to time agreed by The Stock Exchange of Hong Kong Limited has been paid to the Company for registration of instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;

- (ii) The instrument of transfer only relates to overseas-listed foreign-investment shares listed in Hong Kong;
  - (iii) The stamp duty which is chargeable on the instrument of transfer has already been paid;
  - (iv) The relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
  - (vi) If the shares are transferred to joint holders, the number of joint holders shall not exceed four (4); and
  - (vi) The Company does not have any lien on the relevant shares.
- (3) No shares shall be transferred to minors or mentally unsound persons or other persons who are legally recognized as incapacitated.

Article 50. No changes resulting from share transfers may be made to the register of members within 30 days prior to a shareholders' general meeting or 5 days prior to the determination date for the Company's distribution of dividends.

The provision aforementioned only applies to the shareholders of overseas listed foreign shares listed on the Hong Kong Stock Exchange. Registration of any changes made to the register of the shareholders of A shares is subject to the applicable domestic laws and regulations. The interval between the date of book closure for the shareholders of A shares and the date of the general meeting shall not be more than 7 working days. Once the date of book closure for the general meeting is determined, it shall not be changed.

Article 51. When the Company is to convene a shareholders' general meeting, distribute dividends, conduct liquidation or to carry out other acts requiring confirming of shareholdings, the Board of Directors shall decide a date for determination of shareholdings. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

Article 52. Any person that challenges the register of members and requires his name to be entered into or removed from the register may apply to a court of competent jurisdiction for rectification of the register.

Article 53. Any person who is a registered shareholder or who claims to be entitled to have his name entered in the register of members in respect of shares in the Company may, if his share certificate (the “**original certificate**”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “**Relevant Shares**”).

Applications for the replacement of share certificates from holders of domestic shares, who have lost their certificates, shall be dealt with in accordance with Article 144 of the Company Law.

Applications for the replacement of share certificates from holders of overseas-listed foreign-invested shares, who have lost their certificates may be dealt with in accordance with the laws, stock exchange regulations and other relevant regulations of the place where the original register of holders of overseas-listed foreign-invested shares is kept.

Where holders of overseas-listed foreign-invested shares of a Company, shares of which are listed in Hong Kong, apply for replacement of their certificates after losing their certificates, such replacement shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarized certificate or a statutory declaration. The notarized certificate or statutory declaration shall include the following information:
  - (i) The applicant’s reason for the application, the circumstances and proof of the loss of the share certificate; and
  - (ii) A declaration showing that no other person is entitled to have his/her/its name entered in the register of members in respect of the Relevant Shares.
- (2) The Company has not received any declaration requiring registration as a shareholder in respect of such shares from any person other than the applicant before it decides to issue a replacement share certificate.

- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the Board of Directors.
- (4) Before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The Company shall display the public announcement in the stock exchange for a period of 90 days.
- (5) If the application for issuance of a replacement share certificate was made without the consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;
- (6) If, by the expiration of the 90-day period provided for in Items (3) and (4) hereof, the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;
- (7) When the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of members; and
- (8) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable guarantee.
- (9) The newspapers where the notice of issuing a replacement share certificate is published, as mentioned in Item 3 of this Article, shall include at least one Hong Kong newspaper in Chinese and one Hong Kong newspaper in English.



Article 54. After the Company has issued a replacement share certificate in accordance with its Articles of Association, it shall not delete from the register of members the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser).

Article 55. The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

## **CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

Article 56. A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of members.

Shareholders shall enjoy rights and assume obligations according to the class and number of shares held by them. Holders of shares of the same class shall enjoy equal rights.

Article 57. When two or more persons are registered as joint holders of any shares, they shall be regarded as the co-owners of the relevant shares, but subject to the following terms:

- (1) The Company shall not register more than four persons as joint holders of any shares;
- (2) All joint holders of any shares shall be individually and jointly responsible for all unpaid amounts payable of the shares;
- (3) If one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholders shall be deemed as the persons who have the ownership of the relevant shares, but the Board of Directors is entitled to ask for the provision of the death certificate as deemed suitable by the Board of Directors; and

- (4) For the joint shareholders, only the first named shareholder in the register of members has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the shareholders' general meeting, exercise his/her/its voting right, or collect dividends; while, any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint shareholders of the related shares.

Article 58. Holders of ordinary shares of the Company shall enjoy the following rights:

- (1) Collecting dividends and other profit distributions on the basis of the number of shares held by them;
- (2) Request, call, host, participate in a general meeting or appoint their proxies to attend such meeting pursuant to the laws, and exercise their voting rights according to the ratio of shares held by them;
- (3) Supervising and controlling the Company's business operations, and presenting suggestions and inquiries;
- (4) Transfer, grant or pledge their shares pursuant to the provisions of the laws, administrative regulations and the Articles of Association;
- (5) The right to obtain relevant information in accordance with laws, administrative regulations and the provisions of the Company's Articles of Association, including:
  - (i) Obtaining a copy of the Articles of Association upon the payment of a charge to cover costs;
  - (ii) Being entitled to view and make a copy, after payment of reasonable charges, of:
    - (A) The register of members of any parts;
    - (B) Personal information of the Directors, supervisors, manager and other senior officers of the Company, including:

- a. Current and previous names and aliases;
  - b. Principal address (place of residence);
  - c. Nationality;
  - d. Primary and all other part-time occupations and duties;
  - e. Identification documents and their numbers;
- (C) The status of the Company' share capital;
  - (D) Reports of the aggregate par value, number of shares, and highest and lowest prices of each class of shares repurchased by the Company since the last financial year as well as all the expenses paid by the Company therefore;
  - (E) The minutes of shareholders' meetings;
  - (F) Resolutions of the meeting of the Board of Directors, and resolutions of the meeting of the supervisory committee;
  - (G) Counterfoils of bonds and financial reports of the Company.
- (6) Participate in the distribution of the surplus assets of the Company according to their shareholding when the Company is terminated or liquidated;
  - (7) Bring an action to the People's Court pursuant to the Company Law or other laws and administrative regulations against any acts that impair the interests of the Company or the statutory interests of the shareholders, and to assert the relevant rights;
  - (8) With respect to shareholders who vote against any resolution adopted at general meeting on merger or division of the Company, the right to demand the Company to acquire the shares held by them; and

- (9) Other rights conferred by laws, administrative regulations and the Company's Articles of Association.

Article 59. Shareholders demanding inspection of the relevant information or copies of the materials mentioned in clause (5) in the preceding Article shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. After confirming the shareholders' identity, the Company shall provide such information according to the shareholders' request.

Article 60. If a resolution of the Company's general meeting or Board meeting violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the People's Court to hold the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or Board meeting violate the laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders shall be entitled to submit a petition to the People's Court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

The controlling shareholders, actual controllers shall not restrict or obstruct medium and small investors from exercising their lawful rights to vote and shall not harm the legitimate interest of the Company and that of medium and small investors.

Article 61. If the Directors, general managers or other Senior Management of the Company violate the provisions of the laws, administrative regulations or the Articles of Association in the course of performing their duties, and such violation results in losses to the Company, the shareholders of the Company who individually or jointly hold more than 1% of the Company's shares for a continuous period of over 180 days shall have the right to make a written request demanding the supervisory committee to bring an action to the People's Court. If the supervisory committee violates the provisions of the laws, administrative regulations or the Articles of Association in the course of performing its duties, and such violation results in losses to the Company, the shareholders shall have the right to make a written request demanding the Board to bring an action to the People's Court.

In the event that the supervisory committee or the Board refuses to bring an action after receipt of a written request from the shareholders in accordance with the provisions set out in the preceding paragraph, or fails to bring an action within 30 days from the receipt of such request, or in an emergency where failure to bring an action immediately will cause harm beyond remedy to the Company's interests, the shareholders stipulated in the preceding paragraph shall have the right to directly bring an action to the People's Court in their own names for the benefit of the Company.

If the Company's lawful interests are infringed by other people that results in losses to the Company, the shareholders mentioned in the first paragraph of this Article (those who individually or jointly hold more than 1% of the Company's shares for a period of over 180 days) may bring an action to the People's Court pursuant to the above two paragraphs.

Article 62. Shareholders may commence legal actions against the Directors, general managers or any other Senior Management who were in breach of the provisions of law, administrative regulations or the Articles of Association, or acting against the interest of the shareholders.

Article 63. Holders of ordinary shares of the Company shall have the following obligations:

- (1) to abide by the Articles of Association;
- (2) to pay subscription money on the basis of the shares subscribed by them and the method of capital injection;
- (3) shall not cease to be a shareholder unless otherwise provided by laws and regulations;

- (4) shall not impair the interests of the Company or other shareholders by abusing their rights as shareholders; shall not impair the interests of the Company's creditors by abusing the Company's status as an independent legal person or the shareholders' limited liabilities. If the Company and other shareholders suffer losses as a result of the abuse of shareholders rights by a shareholder of the Company, such shareholder shall be liable to indemnify the Company or other shareholders against such losses pursuant to the laws. If the Company's shareholders evade debts by abusing the Company's status as an independent legal person and the shareholders' limited liabilities, and such acts seriously affect the interests of the Company's creditors, such shareholders shall be jointly liable for the Company's debts; and
- (5) other obligations imposed by laws, administrative regulations and the Company's Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than according to the terms which were agreed by the subscriber of relevant shares at the time of subscription.

Article 64. If a shareholder who holds more than 5% of the voting rights in the Company (except the shareholders of H shares) creates a charge on its shares, it shall report to the Company in writing on the date of creation of the charge.

Article 65. If a person obtains the Company's shares because of the death of others or any bankruptcy, he may make an application to the Company for registering him as a shareholder of the Company by submitting evidence to the Company according to China's relevant laws and regulations. The Company is entitled to accept or reject the application in accordance with the relevant provisions of the Articles of Association. The person registered as a shareholder under this Article shall be entitled to receive the information he may deserves when he becomes a shareholder. If the Company refuses to register a person as a shareholder according to this Article, a written notice and explanation shall be provided to the person within two (2) months after the date of submission of registration application.

## **CHAPTER 8 THE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS TO OTHER SHAREHOLDERS**

Article 66. The controlling shareholders shall not impair the interests of the Company and public shareholders by abuse of their controlling status and by ways of connected transactions, assets restructuring, loan guarantees, etc. Misappropriation of the Company's funds is strictly limited in the operating fund transactions of the Company with controlling shareholders and other related parties. Controlling shareholders and other related parties shall not require advancement of period expenses such as salary, welfare, insurance, advertisement, etc., to be paid by the Company; neither shall they undertake each other's cost and other expenditures.

Once the controlling shareholders and persons with de facto control misappropriate the Company's assets and impair interests of the Company and public shareholders, the Board shall adopt effective measures to request the controlling shareholders to cease such impairment and undertake the responsibilities for compensation.

Article 67. In addition to obligations imposed by laws, administrative regulations or the Listing Rules, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

- (1) Removing a Director or supervisor of the responsibility who act honestly in the best interest of the Company;
- (2) Approving a Director or supervisor (for his own or another person's benefit) of expropriating the Company of its assets in any way, including (but not limited to) any opportunities that are favorable to the Company; or
- (3) Approving a Director or supervisor (for his own or another person's benefit) of expropriating other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.



Article 68. For the purposes of the preceding Article, the term “controlling shareholder” shall refer to a person who meets any of the following conditions:

- (1) A person who, acting alone or in concert with others, has the power to elect more than half of the Directors;
- (2) A person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30 % or more of the voting rights in the Company;
- (3) A person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company; or
- (4) A person who, acting alone or in concert with others, actually controls the Company in any other manner.

## **CHAPTER 9 GENERAL MEETINGS**

Article 69. The shareholders’ general meeting shall be the organ of authority of the Company and shall exercise its functions and powers according to law.

Article 70. The shareholders’ general meeting shall exercise the following functions and powers:

- (1) To decide on the business policies and investment plans of the Company;
- (2) To elect and replace Directors and decide on matters concerning the remuneration of Directors;
- (3) To elect and replace the supervisors who are not appointed from employee representatives and decide on matters concerning the remuneration of supervisors;
- (4) To examine and approve the Board of Directors’ reports;
- (5) To examine and approve reports from the Supervisory Committee;
- (6) To examine and approve the Company’s annual financial budget and final account proposals;

- (7) To examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) To pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) To pass resolutions on matters such as the merger, division, dissolution, liquidation or restructuring of the Company;
- (10) To pass resolutions on the issuance of debentures by the Company;
- (11) To pass resolutions on the appointment, dismissal or refusal of re-appointment of accounting firms by the Company;
- (12) To amend the Articles of Association; and
- (13) To examine proposals raised by the shareholders individually or jointly holding more than 3% of the Company's shares;
- (14) To pass resolutions on transactions in respect of any acquisition or disposal of significant assets with amounts exceeding 30% of the latest audited total assets of the Company within one year;
- (15) To pass resolutions on external guarantees which, according to the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association, shall be considered and approved by general meetings;
- (16) To consider and approve changes in the use of proceeds raised;
- (17) To consider and approve share option incentive scheme;
- (18) Other matters that the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association require to be resolved by the general meeting.

Article 71. The provision of external guarantee by the Company shall be considered and approved by the Board. The following guarantees shall be considered by the Board and submitted to general meeting for consideration and approval:

- (1) Any provision of guarantee when the aggregate amount of the guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (2) The provision of guarantee to a debtor whose asset to liability ratio exceeds 70%;
- (3) The amount of any single guarantee exceeds 10% of the latest audited net assets of the Company;
- (4) The amount of the external guarantees exceeds 30% of the latest audited total assets of the Company according to the accumulative principle within twelve (12) consecutive months;
- (5) The amount of any guarantees exceeds 50% of the latest audited net assets of the Company according to the accumulative principle within twelve (12) consecutive months;
- (6) Other guarantees that shall be submitted to a general meeting for consideration and approval under the laws, regulations, listing rules of relevant stock exchanges and the Articles of Association.

The guarantees set out at paragraph (4) above shall be approved by more than two thirds of the voting rights held by the shareholders present in the meetings.

The Company and its controlling subsidiaries shall not provide guarantees to its shareholders, persons with de facto control and their related parties, except the guarantees incurred between the Company and its controlling subsidiaries and between its controlling subsidiaries.

If the Directors, general managers and other Senior Management violate the provisions of the laws, administrative regulations or the Articles of Association governing the scope of authorization and the approval procedures for providing external guarantee, and such violation causes damage to the Company, they shall be liable for compensation. The Company may also bring an action against them pursuant to the laws.

Article 72. Save for the special circumstances under which the Company is in a crisis, unless prior approval by the general meeting, the Company may not enter any contact with any person other than a Director, supervisor, manager or other senior officers of the Company for the delegation of the whole business management or any substantial part of business management of the Company to that person.

Article 73. General meetings shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and shall be held within six months following the end of preceding fiscal year.

The Company shall convene general meetings either at its domicile or at such other venue as specified by the Board. General meetings will set meeting venue and be convened by way of on-site meetings, and set a secure, economical and convenient web network or other ways to facilitate shareholders to participate in general meetings in accordance with the laws, administrative regulations and regulations by the China Securities Regulatory Commission and the Articles of Association. Shareholders who attend a meeting by the said means are deemed to be present at such meeting.

Article 74. The Board of Directors shall convene an extraordinary general meeting within two months after the occurrence of any of the following events:

- (1) The number of Directors is less than the number prescribed in the Company Law or less than two-thirds prescribed in the Articles of Association;
- (2) Where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) Shareholder(s) solely or jointly holding 10 percent or more of the Company's voting shares require(s) in writing;
- (4) The Board of Directors considers that there is a need;
- (5) When proposed by the Supervisory Committee; or
- (6) Other circumstances prescribed by the laws, regulations or the Articles of Association.

Article 75. In the event of holding a general meeting, the Company shall appoint a legal advisor to provide legal opinion on the following issues and make an announcement:

- (1) Whether the convening and holding of a meeting comply with the laws, administrative regulations and the Articles of Association;
- (2) The qualifications of those who are present at the meeting, and the validity of the convener's qualifications;
- (3) The legality and validity of the voting procedure and results at the meeting;
- (4) The issue of legal opinion on any other matters at the Company's request.

Article 76. When the Company is to hold a general meeting, it shall issue a notice by means of a public announcement or other means as prescribed in the Articles of Association 45-60 days prior to the meeting informing all the registered shareholders of the matters to be examined at the general meeting as well as the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty (20) days before the date of the meeting. Where there are domestic regulations or rules of procedures for general meetings governing the book closure date for shareholders of A shares to attend a general meeting and the date for giving a written reply by the shareholders of A shares in respect of attending the meeting, those regulations and rules shall be followed.

Article 77 The notice issuance period shall not include notice issuance date and the meeting date.

Article 78. When the Company convenes a general meeting, the Board, supervisory committee and shareholder(s) individually or jointly holding more than 3% of the Company's shares shall have the right to submit new proposals to the Company.

Shareholders individually or jointly holding more than 3% of the Company's shares may raise a provisional proposal and submit to the Board in writing 10 days prior to the date of the general meeting. The Board shall issue a supplemental notice of general meeting announcing the contents of the provisional proposals within 2 days upon receipt of the proposals.

Save and except for the circumstances referred to in the preceding paragraphs, after the Board issues the notice of a general meeting, no change shall be made to the proposals stated in the notice and no new proposals shall be added.

The Board shall review the contents of the provisional proposals submitted by the shareholders to confirm if they fall within the terms of reference of general meetings, if they have definite topics to discuss and specific matters to resolve, if they comply with the relevant provisions of the laws, administrative regulations and the Articles of Association. If proposals submitted by the shareholders fail to satisfy the above principles, the Board may not submit such proposals at the general meeting for voting, provided that reasons and explanations shall be made at the general meeting.

When the Board does not include the provisional proposal raised by shareholders in the agenda of a general meeting and such shareholders concerned have objections, they may convene a separate extraordinary general meeting in accordance with the relevant provisions, procedures and requirements of the Articles of Association.

Article 79. The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the general meeting. Otherwise, the Company shall within five (5) days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the general meeting.

Article 80. General meetings may not decide on matters not specified in the notice or announcement.

Article 81. Matters to be discussed and decided at general meetings shall be determined in compliance with requirements of the Company Law, the Listing Rules and the Articles of Association. General meetings are entitled to make decisions on any matters as stipulated in the Articles of Association.

The shareholders may not vote or resolve on any matters in respect of those not set out in the notice issued pursuant to Articles 78 and 83 or any proposal inconsistent with the provision of Article 78 of the Articles of Association.

Article 82. Proposals put forward at a general meeting shall be specific and related to the matters to be considered at a general meeting. Proposals raised at a general meeting shall satisfy the following requirements:

- (1) It shall be free of conflicts with the provisions of laws, administrative regulations and the Articles of Association, and fall into the business scope of the Company and the terms of reference of the general meetings;
- (2) It shall have definite topics to discuss and specific matters to resolve;
- (3) It shall be submitted in writing or served to the convener.

Article 83. The notice of a general meeting shall meet the following requirements:

- (1) The notice shall be issued by means of a public announcement or other means (if necessary) as prescribed in the Articles of Association;
- (2) It shall specify the place, date and time of the meeting;
- (3) Set out the matters and proposals to be considered at the meeting;
- (4) It shall provide to the shareholders the information and explanation necessary for them to make a sensible decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, repurchasing of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;



- (5) Where any Director, supervisor, general manager or other senior officers have a material interest in respect of the matter to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, manager or other senior officers who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (6) It shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (7) It shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and
- (8) It shall state the time and place for the delivery of the meeting's proxy's forms;
- (9) Specify the book closure date for shareholders who are entitled to attend the general meeting;
- (10) Provide name and telephone number of the contact person;
- (11) Where a general meeting is held online or by other such means, the notice shall expressly state the time and the procedures of the voting online or by other such means.

Article 84. Notice of general meetings shall be served on each shareholder (no matter how such shareholder is entitled to vote at the meeting) by public announcement, personal delivery or prepaid mail to the address of the shareholder as shown in the register of members.

The notice of a general meeting to holders of domestic shares shall be published on one (1) or more national newspapers designated by the securities authority of the State Council or via other means permitted by the securities authority of the State Council from time to time within forty-five (45) days to sixty (60) days before the date of the meeting; after the publication or issue of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

The notice of a general meeting to holders of foreign-invested shares shall be published on the Company's website and/or the website of the stock exchange where the overseas-listed foreign-invested shares are listed within forty-five (45) days to sixty (60) days before the date of the meeting. In case that the laws and regulations and the Listing Rules where shares of the Company are listed are complied with, the holders of foreign-invested shares shall be deemed to have received the notice of the relevant general meeting after the publication of such notice.

Article 85. A meeting and the resolutions adopted thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

Article 86. Once the notice of a general meeting is issued, the meeting shall not be postponed or cancelled and resolutions contained in the notice shall not be withdrawn without proper reasons. In the event of postponement or cancellation, the convener shall make announcement to state the reasons at least 2 working days prior to the original date of the meeting.

Article 87. Any shareholder entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to his entrustment by the shareholder:

- (1) The shareholder's right to speak at the shareholders' general meeting;
- (2) To exercise its voting rights by poll.

Article 88. Shareholders shall entrust their proxies by written instruments that shall be signed by the entrusting parties or such proxies. Where the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its Director(s) or duly authorized proxies.

Where the proxy form is signed by an attorney duly authorised by the appointor, the power of attorney or other authorisation document shall be notarised.

Article 89. The instrument appointing a voting proxy shall be deposited at the residence of the Company or at such other place as specified in the notice of the meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote. Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be deposited together with the instrument appointing the voting proxy at the residence of the Company or at such other place as specified in the notice of the meeting.

If the appointer is a legal person, its legal representative or such person as is authorized by resolution of its Board of Directors or other governing body may attend any meeting of shareholders of the Company as a representative of the appointer.

Article 90. Individual shareholders attending the general meeting in person shall produce their identity cards, or valid certificates or certifications or stock account cards which can prove their capacities; while proxies shall produce their identity cards and power of attorney.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative at the meeting. Legal representatives shall present their identity cards and valid proofs of their legal representative identity when they attend the meeting. In the case that a proxy is appointed, the proxy shall present his own identity card and the valid power of attorney in writing issued by the corporate shareholder.

Article 91. Proxy forms issued by the shareholders appointing other persons to attend general meetings and those issued by the Board of Directors of the Company to shareholders for the purpose of appointing other persons to attend general meetings should include the following information:

- (1) The name of the proxy;
- (2) Whether the proxy has the voting right;
- (3) Instructions for voting in favour or against or abstaining from each resolution to be considered at the general meeting;
- (4) The issue date and validity period of the proxy form;

- (5) Signature (or seal) of the appointor. If the appointor is a legal person shareholder, it should be affixed with the seal of the legal person shareholder and signed by the legal representative.

Such proxy form shall contain a statement that in the absence of specific instructions from the shareholder, proxy may vote at his discretion.

- Article 92. The register of attendees of the general meeting shall be prepared by the Company. Such register of the meeting shall specify information including the name, identity card number, residential address, number of the voting shares held or represented by the persons (or units) attending the meeting, name of the shareholders or proxies (or units).
- Article 93. Any proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast affirmative or negative votes or abstain from voting and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy form shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.
- Article 94. Where the entrusting party has died, lost become incapacitated to act, revoked the proxy or the signed proxy form prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of the proxy form shall remain valid as long as the Company did not receive a written notice of the event before the commencement of the relevant meeting.
- Article 95. When issues about connected transactions are considered at a general meeting, the connected shareholders shall not participate in the voting of the resolution, and the shares with voting rights of such shareholders shall not be counted as valid votes. The announcement of a resolution passed at a general meeting shall disclose sufficient details of voting of the non-connected shareholders.

The above connected shareholders refer to the following shareholders: a connected party, or (if not a connected party) an individual or its associates who have substantial interests in the transaction to be voted pursuant to the Listing Rules as may be amended from time to time.

Article 96. The Board, Independent Directors and those shareholders who have met the relevant requirements (to be determined by the standards promulgated by the competent regulatory authorities from time to time) may openly collect their voting rights at the general meeting from the Company's shareholders. If the collector openly collects the voting rights of the Company's shareholders, the collector shall comply with the requirements of the relevant regulatory authorities and the stock exchange(s) on which the Company's shares are listed.

Shareholders' voting rights shall be solicited with sufficient disclosure of the concrete voting intention to the owner of the voting rights. Consideration or defacto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not set a minimum shareholding ratio threshold for soliciting the voting rights.

Article 97. Resolutions of the general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

Article 98. When the shareholders (including proxies) vote at a general meeting, they shall exercise their voting rights based on the number of shares with voting rights held by them. Save for the provisions of Article 130 in the Articles of Association concerning the adoption of a cumulative voting system for election of the Directors, each share carries one vote. The shares held by the Company itself do not attach any voting right, and such shares shall not be counted as part of the total shares with voting rights of those shareholders who attend the meeting.

However, during the voting, any privileges or restrictions attached to the voting rights of any class of shares shall be complied with.

Where any shareholder is required to abstain from voting on a particular matter or subject to only vote for or against, the shareholder shall abstain from voting or to vote in accordance with the provisions specified in accordance with the Hong Kong Stock Exchange Listing Rules; Any violation of relevant regulations or restrictions on a shareholder vote or on behalf of the relevant shareholder vote, will not be counted in the result of the vote. Where any shareholder is, under the Listing Rules, required to abstain from voting on a particular resolution in a class meeting or restricted to voting only in favor of or against any particular resolution in a class meeting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

For significant matters to be decided in general meetings that would affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately. The result of such separate vote counting shall be timely disclosed.

Article 99. When a poll is adopted, shareholders (including proxies) having the right to two or more votes need not cast all of their voting rights for affirmative or negative votes or abstention of votes.

Article 100. Subject to ensuring the legitimacy and effectiveness of the general meeting, the Company shall provide convenience to the shareholders to attend the general meeting through various methods and ways, including modern information technologies such as providing network voting platform, etc.

If web network or other ways were adopted for general meetings, the Company shall specify clearly in the notice of general meetings the timing and procedure of voting through web network or other ways.

Voting in general meetings through web network or other ways shall not start earlier than 3:00 pm the day before the on-site meeting, nor shall it be later than 9:30 am on the day of on-site meeting and voting shall not conclude earlier than 3:00 pm on the day which the onsite meeting ends.

Article 101. Except for the cumulative voting system, all proposals at the general meeting shall be voted one by one. In case of different proposals for the same matter, the proposals shall be voted according to the chronological order of these proposals proposed. Except in the event of force majeure or other special reasons which result in the interruption of the general meeting or make it impossible to come to resolution, no proposal shall be set aside or rejected for voting at the general meeting.

Article 102. When a proposal is considered at the general meeting, no change shall be made thereto; otherwise, the relevant change shall be treated as a new proposal which shall not be voted at the then general meeting.

Article 103. The same voting right shall only be exercised by one of the voting means including on-site, via internet or by other means. In the event that the same voting right has been exercised repeatedly, the results of the first voting shall prevail.

Article 104. Voting at the general meeting shall be conducted by way of poll in registered form.

Article 105. Before a proposal is put forward for voting at a general meeting, 2 shareholders' representatives shall be nominated to participate in vote taking and act as scrutineers. If a shareholder is interested in the matter to be considered, the shareholder and his proxy shall not participate in vote taking or act as scrutineer.

When a proposal is put forward for voting at the general meeting, the lawyers, shareholders' representatives, supervisors' representatives and persons designated by the stock exchange(s) where the shares of the Company are listed (or stipulated by the Listing Rules) shall jointly participate in vote taking and act as scrutineers, and announce the voting results there and then. The voting results of the resolutions shall be recorded in the minutes of the meeting.

Shareholders of the Company or his proxy who vote via the internet or by other means are entitled to check and inspect their voting results through the relevant voting system.

Article 106. The on-site general meeting shall not end earlier than those held by online means or other means. The chairman of the meeting shall announce the votings and results of each of the proposals, and announce whether the proposals have been passed according to the voting results.

Prior to the formal announcement of the voting results, the related parties involved in the on-site general meeting, online and other means of voting, such as the listed company, vote counters, scrutineers, major shareholders and network service provider, shall undertake the obligations of confidentiality for the voting results.

Article 107. Shareholders attending the general meeting shall submit their voting in respect of the proposals put forward in the following ways: "for", "against" or "abstain".

Voting papers that are left blank, unduly completed or illegible or that have not been used are deemed as votes to mean that the voter has waived his voting rights, and the voting results corresponding to the shares in his possession shall be treated as "abstain from voting".



Article 108. The following matters shall be resolved by way of an ordinary resolution of the general meeting:

- (1) Work reports of the Board of Directors and the supervisory committee;
- (2) Plans for the distribution of profits and recovery plans formulated by the Board of Directors;
- (3) Appointment and removal of members of the Board of Directors and the supervisory committee, their remuneration and method of payment of their remuneration;
- (4) The annual budget program, accounting report, annual report, balance sheet, income statement and other financial statements of the Company; and
- (5) Matters other than those which are required by the laws, administrative regulations or the Company's Articles of Association require to be passed by way of a special resolution.

Article 109. The following matters shall be resolved by way of a special resolution of the general meeting:

- (1) Increase or reduction of the Company share capital and issuance of any class of shares, warrants or other similar securities;
- (2) Issuance of Company's debentures;
- (3) Division, merger, dissolution and liquidation of the Company;
- (4) Amendment to the Articles of Association;
- (5) The Company's acquisition and disposal of major assets or provision of guarantees within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (6) Share incentive schemes; and

- (7) Other matters which, according to the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association and resolved by way of an ordinary resolution of the general meeting which may have a significant impact on the Company, shall be approved by way of a special resolution.

Article 110. The Independent Directors, supervisory committee and shareholders individually or jointly holding more than 10% of the shares of the Company requesting the convening of an extraordinary general meeting or a class meeting shall proceed in accordance with the procedures set forth below:

- (1) Sign one or more written requests in identical form and content requesting the Board to convene an extraordinary general meeting or a class meeting and stating the agenda of the meeting. The Board shall make a written response of agreeing or disagreeing to convene the extraordinary general meeting or the class meeting within 10 days of receipt of the abovementioned written request.
- (2) Where the Board agrees to convene an extraordinary general meeting or a class meeting, a notice of the general meeting shall be dispatched within 5 days of the resolution of the Board. Consent from the original proposer shall be obtained for any change in the original proposal stated in the notice.
- (3) Where the Board disagrees with the proposal of the Independent Directors to convene an extraordinary general meeting or a class meeting, it shall state the reasons and make an announcement.
- (4) Where the Board disagrees with the proposal of the supervisory committee to convene an extraordinary general meeting or a class meeting, or fails to make a response within 10 days of receipt of the request, the Board shall be considered as if it cannot or fails to perform its duties of convening a general meeting. The supervisory committee may convene and preside over such meeting. The procedures for convening shall be identical, to the extent possible, to those procedures adopted by the Board in convening a general meeting.

- (5) Where the Board disagrees with the proposal of shareholders to convene an extraordinary general meeting or a class meeting, or fails to make a response within 10 days of receipt of the request, shareholders individually or jointly holding more than 10% of the shares of the Company shall request the supervisory committee in writing to convene an extraordinary general meeting or a class meeting.
- (6) Where the supervisory committee agrees to convene an extraordinary general meeting or a class meeting at the shareholders' request, a notice of the general meeting or the class meeting shall be dispatched within 5 days of receipt of the request. Consent from the original proposer shall be obtained for any change in the original proposal stated in the notice.
- (7) Where the supervisory committee fails to dispatch a notice of general meeting within the prescribed period, it shall be considered as the supervisory committee will not convene or preside over a general meeting. Shareholders individually or jointly holding more than 10% of the shares for a consecutive period of over 90 days may convene and preside over a general meeting (the shareholding percentage of the shareholders convening the meeting shall not be less than 10% prior to the announcement of the resolutions of the general meeting). The procedures for convening shall be identical, to the extent possible, to those procedures adopted by the Board in convening a general meeting.
- (8) Where the general meeting is convened and held by the supervisory committee or the shareholders in accordance with the previous paragraphs, the Board shall be duly informed in writing and the filing procedures shall be completed with the relevant competent authorities in accordance with the applicable requirements. The convening shareholders shall submit relevant evidences to the relevant regulatory authorities in accordance with applicable requirements when dispatching the notice of general meeting and announcing the resolutions of such meeting. The Board and the secretary to the Board shall be cooperative with respect to the meeting and the Board shall provide the register of members as at the book closure date. Any reasonable expenses incurred from the meeting shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent Directors.

Article 111. General meetings shall be presided over and chaired by the Board of Directors. When the Chairman of the Board is unable to or fails to perform his duties for any reason, the vice chairman of the board shall convene and preside over meetings of the Board of Directors. When both the chairman and the vice chairman of the board are unable to or fail to perform their duties, a Director shall be elected by the affirmative votes of more than half of the Directors to preside over the meeting and act as the chairman of the meeting. When the Directors fail to elect the chairman of the meeting for any reason, the shareholders attending the meeting may select one person to act as the chairman of the meeting. When the shareholders fail to elect a chairman for any reason, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall act as the chairman of the meeting.

The chairman of the supervisory committee shall preside over a general meeting convened by the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly nominate a supervisor to preside over the meeting as chairman.

The convenor of a general meeting convened by the shareholders shall nominate a representative to preside over the meeting.

Where a general meeting is unable to continue due to the breach of the rules of procedures by the chairman, a person may be nominated to preside over and continue the meeting with the agreement of a majority of the shareholders with voting rights present at the general meeting.

Article 112. The chairman of the meeting shall be responsible for deciding whether or not a resolution of the general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

Article 113. If the chairman of the meeting has any doubts as to the result of a resolution put to the vote, he may count the votes. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall immediately count the votes.

Article 114. If counting of votes is held at a general meeting, the result of the counting shall be recorded in the minutes of the meeting.

The convener shall ensure the truthfulness, accuracy and completeness of the minutes. The minutes of the meeting shall be signed by the chairman (chairman of the meeting) and Directors, supervisors, secretary to the Board, the convener or their representatives attending the meeting.

Summary of the meeting shall be made for the resolutions passed at general meeting. Minutes and summaries of the meeting shall be recorded in Chinese. The minutes of the meeting and the attendance records signed by the attending shareholders and the proxy forms of proxies shall be kept at the Company's domicile.

The aforementioned meeting minutes, attendance records, and instrument of appointment shall not be destroyed within ten (10) years.

Article 115. The secretary to the Board shall be responsible for the minutes of the meeting which shall contain the following contents:

- (1) The time, place, agenda and name or alias of the convenor of the meeting;
- (2) The names of the chairman of the meeting and the Directors, supervisors, general managers and other Senior Management attending the meeting;
- (3) The number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and as a percentage to the total number of shares of the Company;
- (4) The total number of shares with voting rights held by the respective shareholders of A shares (including proxies) and overseas listed foreign shareholders (including proxies) attending the meeting, and their respective percentages to the total number of shares of the Company;
- (5) The process of discussion, main points of speakers and voting result of each motion and details of the voting by shareholders of A shares and shareholders of foreign listed foreign shares of each resolution;
- (6) The queries or recommendations of the shareholders and corresponding replies and explanations;

- (7) The names of the lawyers, counters and scrutineers;
- (8) Other contents which shall be recorded in the minutes of the meeting in accordance with the provisions of the Articles of Association.

Article 116. Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven (7) days after receiving payment of reasonable charges.

## **CHAPTER 10 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS**

Article 117. Shareholders holding different classes of shares are "different classes of shareholders".

Shareholders of different classes shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Company's Articles of Association.

Article 118. If the Company intends to change or abrogate the rights of shareholders of different classes, it may do so only after such change or abrogation has been approved by way of a special resolution of the general meeting and by a separate shareholders' meeting convened by the affected shareholders of different categories in accordance with Articles 120 to 125.

Article 119. The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (1) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) A change of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (3) A removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

- (4) A reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such category;
- (5) An addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (6) A removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) A creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) An imposition of restrictions or additional restrictions on the transfer of ownership of shares of such class;
- (9) An issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) An increase in the rights and privileges of shares of another class;
- (11) Restructuring of the Company causes shareholders of different classes to bear liability to different extents during the restructuring; or
- (12) Amendment or abrogation of the provisions of this Article.

Article 120. Shareholders of the affected classes, whether or not otherwise having the right to vote at general meeting, shall have the right to vote at meetings of shareholders of different classes in respect of matters referred to in Items (2) to (8) or (11) to (12) of Article 119, except that interested shareholders shall not have the right to vote at meetings of shareholders of different classes.

For the purposes of the preceding paragraph, the term “interested shareholders” shall have the following meanings:



- (1) If the Company has made a repurchase offer to all shareholders in the same proportion or has repurchased its own shares through open transactions on a stock exchange in accordance with Article 34 hereof, the controlling shareholders as defined in Article 68 hereof shall be “interested shareholders”;
- (2) If the Company has repurchased its own shares by an agreement outside a stock exchange in accordance with Article 34 hereof, holders of shares in relation to such agreement shall be “interested shareholders”; or
- (3) Under a restructuring proposal of the Company, shareholders who will bear liability in a proportion less than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be “interested shareholders”.

Article 121. Resolutions of a meeting of shareholders of different classes may be passed only by more than two-thirds of the voting rights of that class represented at the meeting in accordance with Article 120 hereof.

Article 122. When the Company is to hold a class meeting, it shall issue a notice by means of a public announcement or other means as prescribed in the Articles of Association 45 days prior to the date of meeting informing all the registered shareholders of that class of the matters to be examined at the class meeting as well as the date and place of the meeting. Shareholders that intend to attend the class meeting shall, within 20 days prior to the day of the meeting, deliver a written reply to the Company on meeting attendance.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the meeting of shareholders of different classes. If not, the Company shall within five days inform the shareholders once again of the agenda, time and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the class meeting.

Article 123. The notice of a class meeting needs to be delivered only to the shareholders entitled to vote thereat.

The procedures according to which a meeting of shareholders of a class is held shall, to the extent possible, be identical to the procedures according to which a shareholders' general meeting is held. Provisions of the Articles of Association relevant to procedures for the holding of a general meeting shall be applicable to meetings of shareholders of different classes.

Article 124. In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign-invested shares shall be deemed to be shareholders of different classes.

Article 125. The special voting procedures for approval by a class of shareholders shall not apply:

(1) Where, as approved by way of a special resolution of the general meeting, the Company issues, either separately or concurrently, domestic shares and overseas-listed foreign-invested shares listed every 12 months, and the number of the domestic shares and overseas-listed foreign-invested shares intended to be issued does not exceed 20 percent of the issued and outstanding shares of the respective classes; or

(2) Where the plan for issuance of domestic shares and overseas-listed foreign-invested shares upon the establishment of the Company is completed within 15 months of being approved by the State Council Securities Commission.

## **CHAPTER 11 BOARD OF DIRECTORS**

Article 126. The Company shall establish its Board and the Directors shall be natural persons. The Board shall comprise 11 Directors, with one chairman and 1 vice chairman.

No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).

Article 127. The members of the first Board of Directors shall be nominated by the promoters of the Company and elected at the Company's inaugural meeting. The term of office of a Director shall commence from the date of being elected.

Article 128. (1) The Directors shall be elected at general meetings, with a term of office of 3 years. At the expiry of a Director's term of office, the term is renewable upon re-election, but any Independent Director cannot serve as the Company's Independent Director for a consecutive period of over 6 years. Prior to the expiry of his term of office, a Director shall not be removed without reasons from his office by the general meeting.

The term of office of the Directors commences from the date of election up to the expiry of the term of office of the Board. In the event that the terms of the Directors fall upon maturity whereas new members of the Board are not re-elected in time, the existing Directors shall continue to perform their duties in accordance with laws, administrative regulations and rules from regulatory authorities and the Articles of Association until the re-elected Directors assume their office.

A written notice of the intent of candidates nominated for Directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which the Director is to be elected and at least seven (7) days before the date of such meeting, and the notice period shall not be shorter than seven (7) days.

The Chairman of the Board and the vice chairman (or vice chairmen) of the Board shall be elected and removed by more than half of all the Directors. The Chairman of the Board and the vice chairman (or vice chairmen) of the Board shall serve a term of 3 years and may serve consecutive terms if reelected upon the expiration of their terms.

When the number of Directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Company's Articles of Association. Any appointed temporary Director shall hold office until the next annual general meeting of shareholders and shall then be eligible for re-election.

- (2) The Independent Directors of the Company shall be elected in accordance with the following method:
- a. The Board, the supervisory committee of the Company and shareholders who individually or jointly holding more than 1% of the issued shares of the Company shall have the right to nominate candidates for the Independent Directors, who shall become the Independent Directors by election at a general meeting;
  - b. The nominator of the Independent Directors shall obtain consent from the proposed candidate before nomination. The nominator shall have adequate knowledge of the profession, education, professional title and detailed work experience of the nominee as well as status of all his part time jobs. The nominator shall also comment on the qualification and independence of the nominee as an Independent Director. The nominee shall make a public statement disclaiming any relationship between him and the Company that will affect his independent judgment;
  - c. Before the general meeting for the election of the Independent Directors, the Company's Board of Directors shall announce the above information in accordance with the relevant provisions (including but not limited to the Listing Rules);
  - d. Provided where Renminbi denominated ordinary shares are issued by the Company and are listed on the domestic stock exchange, before convening the general meeting for the election of the Independent Directors, the Company shall submit relevant materials of all the nominees to China Securities Regulatory Commission and its local office in the place where the Company is located as well as the stock exchange(s) on which the Company's shares are listed. Where the Board of Directors of the Company dissents from the relevant information with regard to the nominees, a written opinion from the Board shall also be submitted.

- (3) The general meeting may remove any Director (including the managing Director or other executive Directors) whose term of office has not expired by adopting an ordinary resolution, subject to relevant laws, administrative regulations and departmental rules, provided however that no claim brought in accordance with any contract shall be affected by such removal.
- (4) A Director may serve as a general manager or take other senior management positions (excluding supervisor positions).
- (5) Directors need not be the Company's shareholders.

Article 129. The Company shall disclose personal particulars of the Director candidates prior to the general meeting, so that the shareholders can acquire adequate knowledge of the candidates upon votings.

Prior to the general meeting, the Director candidates shall give a written undertaking of their consent to the nomination and the information disclosed to the public being authentic and complete, and that they will exercise in due diligence the duties of the Directors when they are elected.

Article 130. Where the shareholding of the controlling shareholders in the Company exceeds 30%, cumulative voting shall be adopted at the general meetings of the Company for election of Directors (including independent Directors) and supervisors (non-employee representative supervisors).

In the cumulative voting, each share carries a number of voting rights equivalent to the number of Directors or supervisors to be elected. A shareholder may freely allocate his votes among the nominated Directors and supervisors, either to allocate to a number of persons, or to vote all in favour of one person. According to the number of votes that the nominated Directors and supervisors have got and the number of directors or supervisors proposed to be elected, those who have got more votes shall be appointed.

Article 131. Should the proposal for election of the Directors and supervisors be passed at the general meeting, the new Directors and supervisors shall assume office on the date as determined at the general meetings.”

Article 132. In the absence of special reasons, the Directors and Chairman shall not change their positions randomly and shall maintain rather stable. Any position changes shall go through the statutory procedures and formalities (including relevant requirements under the Listing Rules) and shall be disclosed to the public and filed with China Securities Regulatory Commission.

The Directors may resign prior to the expiration of their term of office. A resigning Director shall submit a written report of resignation to the Board. Should other Directors think the resignation of such Director prior to the expiration of his term of office prejudices the interests of the Company, the Board may conduct a vote regarding whether to consent to the resignation and the resigning Director shall be abstain from voting. In case that the Board dissents from his resignation, such Director shall continue to perform his duties until the expiration of his term of office. In the event that such Director leaves the position without permission, the Company shall have the right to take legal action against him.

Article 133. The Board of Directors shall be accountable to the general meeting and shall exercise the following functions and powers:

- (1) To be responsible for the convening of the general meeting and to report its work to the shareholders in general meetings;
- (2) To implement the resolutions of general meeting;
- (3) To decide on the business plans and investment plans of the Company;
- (4) To formulate the proposed annual financial budgets and final accounts of the Company;
- (5) To formulate the plans for profit distribution and plan for recovery of losses of the Company;
- (6) To formulate plans for the increase or reduction in the registered capital of the Company and for the issue of debentures of the Company;

- (7) To draft plans for the merger, division, restructuring or dissolution of the Company;
- (8) To decide on the establishment of the Company's internal management organization;
- (9) To decide on the appointment or dismissal of the manager of the Company and on matters concerning his remuneration, and to decide on the appointment or dismissal of the deputy general manager(s) and chief financial officer as proposed by the manager and on matters concerning their remuneration;
- (10) To formulate the Company's basic management system;
- (11) To formulate the proposal of amendment to the Articles of Association;
- (12) To formulate proposals for major acquisition or disposal;
- (13) Under the premise of observing relevant laws, regulations, the Articles of Association, and related rules, to exercise the Company's rights of financing and borrowing, determine the pledge, lease, sub-contracting and transfer of the Company's important assets, and authorize the general manager to exercise the rights described in this Item within a certain range;
- (14) To make decision on external guarantee matters other than those requiring resolutions of the shareholders at general meetings according to the provisions of laws, administrative regulations and the Articles of Association;
- (15) To determine the external investment, acquisition and disposal of assets, pledge of assets, designated financial management and connected transactions of the Company within the authorisation of the general meeting;
- (16) To manage the information disclosure of the Company;
- (17) To propose at general meetings for the appointment or change of auditors;
- (18) To exercise any other powers conferred by the shareholders in general meetings.



Except for the resolutions of the Board in respect of the matters specified in clauses (6), (7), (11), (12) and (14) of the preceding Article which shall be passed by two-thirds or more of the Directors, the resolutions of the Directors in respect of all other matters may be passed by more than one half of the Directors.

If any Director of the Company is associated with the enterprises that are involved in the matters to be resolved at the Board meetings, he shall not exercise his voting rights for such matters, nor shall such Director exercise voting rights on behalf of other Directors. Such Board meetings shall be convened by a majority of the Directors present thereat who are not connected. Resolutions made at the Board meetings shall be passed by more than half of the Directors that are not connected. The matters referred to above to be passed by two-thirds or more of the Directors shall be passed by votes of more than two-thirds of the Directors that are not connected. If the number of the non-connected Directors attending the Board meetings is less than three, such matters shall be submitted to the general meeting of the Company for consideration.

The resolutions made by the Board in relation to connected transactions shall not become effective until being signed by the Independent Directors.

The Board of Directors may exercise any powers not stipulated as shall be exercised by the general meetings of shareholders in the Articles of Association. The Board shall comply with the provisions of the Articles of Association and the provisions the general meetings of shareholders may formulated from time to time. However, the regulations developed by the Company's general meeting will not invalidate the valid act the Board of Directors made before the formulation of the provision.

In performing the aforesaid powers, the Board shall comply with relevant laws, regulations, the Listing Rules and other applicable Hong Kong laws, regulations and codes.

- Article 134. (1) The board of Directors shall not, without the prior approval of shareholders at a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the general meeting.

- (2) For the purposes of this Article, the term “disposal of fixed assets” shall include the assignment of a certain interest in assets other than by way of security.
- (3) The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph hereof.

Article 135. Unless otherwise provided in the applicable laws and regulations and/or Listing Rules, the Board shall have the right to make decisions on investment (including venture investment) or acquisition projects within the authorisation of the shareholders. For major investments or acquisitions beyond the authorisation to the Board, the Board shall engage relevant experts and professionals to appraise and propose it to the general meeting for approval.

Article 136. The Chairman of the Board shall exercise the following functions and powers:

- (1) To preside over general meetings and to convene and preside over meetings of the Board of Directors;
- (2) To examine the implementation of resolutions of the Board of Directors;
- (3) To sign bond certificates issued by the Company;
- (4) Other functions and powers as granted by the Board of Directors.
- (5) To sign the securities issued by the Company and other important documents or authorize one or more Directors with the power of attorney to sign other important documents.

If the Chairman of the Board is unable to perform his functions and powers, he may instruct the vice chairman of the board to exercise such functions and powers on his behalf. If the chairman of the board fails to perform his functions and powers, the functions and powers shall be performed by the vice chairman jointly elected by a majority of Directors. If the vice chairman is unable or fails to perform his functions and powers, the functions and powers shall be performed by a Director jointly elected by a majority of Directors.

Article 137. Meetings of the Board of Directors shall be held at least four times a year. Meetings of the Board of Directors shall be convened by the chairman of the board by giving a notice to all Directors and supervisors 14 days before the meetings to be held.

In case of emergency, the shareholders representing more than one tenth of the voting rights, more than one third of the Directors, the Board of supervisory committee, or the general manager may propose the convening of an interim meeting of the Board of Directors. The Chairman shall convene and preside over a Board meeting within 10 days after receiving such proposal.

- Article 138. (1) If the Board of Directors has specified the time and place of the board meeting in advance, no service of notice is required; If the time and location of Board meetings have not been specified by the Board in advance, the Chairman shall order the secretary to the Board to notify all Directors and supervisors the time and venue of regular meetings by way of fax, courier, registered mail, email or in person no less than 14 days and no more than 30 days prior to such meeting.
- (2) When convening an extraordinary Board meeting in emergency, the Chairman shall authorize the secretary of the Board (the Company Secretary) to notify all Directors and supervisors the meeting time, venue and means by way of email or in person no less than 2 days and no more than 10 days prior to such meeting.
- (3) The notice shall be written in Chinese, if necessary, the English version can be attached. The agenda and topics of the meeting shall be included.
- (4) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.

Article 139. The quorum for convening the meeting of the board of directors shall be more than half of the directors (including those directors who have entrusted other directors in writing to attend the meeting on their behalf in accordance with the articles of association). Each director shall have one vote. Subject to Clause 2 of Article 133, the resolution shall be approved at the board meeting when it was passed by more than half of the directors attending the meeting.

- Article 140. The Directors may participate in regular meetings of Directors or interim meetings with the help of telephone or other communication facilities. Such Directors shall be deemed to have been personally attended the meetings if all participants can clearly hear the other persons and talk to or communicate with each other via the above-mentioned facilities.
- Article 141. (1) Meetings of Board of Directors shall be attended by the Directors in person. If a Director cannot attend a meeting for any reason, he may entrust in writing another Director with attending the meeting on his behalf and the letter of entrustment shall specify the scope of authorization.
- (2) A Director shall be deemed to have failed to perform his duties if he fails to attend the Board meetings in person twice consecutively nor appointed other Directors to attend the meetings on his behalf. The Board shall make recommendations to general meetings to replace such Director.
- (3) A Director who attends a meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority granted. If a Director fails to attend a meeting of the Board of Directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.
- (4) The appointed representative must be a Director. When the quorum of attendants to the meeting of the Board of Directors is counted, the representative shall be calculated separately for himself and for the Director being on behalf of. He does not have to use all of his voting rights to cast affirmative or negative votes or abstention of votes at the same time. Directors shall also inform the Company of the termination of the appointment of the representatives.
- Article 142. The reasonable expenses incurred by the Directors who attend meetings of the board shall be borne by the Company. These expenses include the traffic expenses covering the distance between the place where a Director is located and the place where a meeting is held (in the event that these two places are not the same), the fees of room and board during the term of the meeting, the rent of the place of the meeting and the local traffic expenses.

- Article 143. The Board shall keep minutes of all the decisions on the matters considered at the meetings, opinions of the Independent Directors and written proposals. The minutes shall be signed by the Directors attending the meeting and the person taking the minutes. The minutes of the Board meeting shall be kept at the domicile of the Company in China and the complete copy of the minutes shall be promptly sent to each Director. The minutes shall be kept for at least 10 years.
- Article 144. The Directors shall bear liability for the decisions of the Board of Directors. Where a resolution of the Board of Directors is in violation of laws, administrative regulations or the Company's Articles of Association, thereby causing serious losses to the Company, the Directors who took part in the resolution shall be liable to the Company for damages. However, where a Director can prove that he expressed his opposition to such resolution when it was put to be voted, and that such opposition was recorded in the minutes of the meeting, the Director may be relieved from such liability.
- Article 145. The Directors may resign before expiry of their terms. The Directors shall submit to the Board a written report in relation to their resignations, and the Independent Directors shall state any situation relating to their resignations or which they consider to be necessary to draw to the attention of the shareholders and creditors of the Company.

In case that the number of the Directors falls short of the statutory quorum of the Board as a result of the resignation of the Directors, the resignation of the said Director shall not become effective until the vacancy resulting from his resignation is filled up by the succeeding Director. The remaining Directors shall convene an extraordinary general meeting as early as possible to elect the Director and fill up the vacancy resulting from the said resignation. Prior to any resolutions made on the election of Directors at the general meeting, powers of the resigning Director and the remaining Board shall be subject to reasonable restraints.

Should the resignation of the Independent Directors result in the proportion of the Independent Directors in the Board of Directors of the Company falling below the minimum requirement as required by the relevant regulatory authorities or the Listing Rules, the resignation report of the said Independent Director shall not become effective until the vacancy resulting from his resignation is filled up by the succeeding Independent Director.

Save for the circumstances referred to in the preceding paragraphs, the resignation of a Director shall become effective upon submission of his resignation report to the Board.

Article 146. Written resolutions signed and agreed by all Directors shall be deemed as effective as the resolutions approved at a lawfully convened meeting of the Board of Directors. Such resolution in writing may be composed by multiple copies of a document, each of which is signed by one or more Directors. For the purposes of this Article, a resolution signed by the Director(s) and sent to the Company by means of mail, fax or personal delivery shall be deemed as a document signed by him (them).

Article 147. Unless provided otherwise by the Board, the general manager not acting concurrently as a Director may attend the Board meetings and shall be entitled to receive notice of such meetings and related documents. However, the general manager shall not be entitled to vote or ballot at the Board meetings unless he acts concurrently as a Director.

## **CHAPTER 12      SECRETARY TO THE BOARD OF DIRECTORS**

Article 148. The Company shall have a secretary to the Board (“**Company Secretary**”) who shall be appointed by the Board. The Company Secretary shall be a senior officer of the Company.

Article 149. The Company Secretary shall be a natural person who shall have the necessary professional knowledge and experience and shall be appointed by the Board of Directors. His/her principal duties are:

- (1) To ensure the Company has complete organizational documents and records;
- (2) To ensure that the Company prepares and delivers the documents and reports as required by authorities in accordance with laws;
- (3) To ensure that the register of members of the Company is properly maintained and that persons entitled to receive such records and documents are provided with the relevant records and documents without delay; and
- (4) To perform the duties of Company Secretary as stipulated by laws and stated in these Articles of Association (including the reasonable request of the Board of Directors).

Article 150. A Director or any other senior officer of the Company may concurrently hold the office of the Company Secretary. An accountant of a firm of accountants retained as auditor by the Company shall not concurrently act as the Company Secretary.

Article 151. Where the secretary of the Board of Directors is held concurrently by a Director, and a certain act is required to be done by a Director and the secretary to the Board of Directors separately, the person who concurrently holds the offices of Director and secretary to the Board of Directors may not perform such act in dual capacity.

### **CHAPTER 13 GENERAL MANAGER**

Article 152. The Company shall have one general manager who shall be appointed or dismissed by the Board of Directors.

The Company shall have certain deputy general managers and one chief financial officer. The deputy general managers and the chief financial officer shall be appointed or dismissed by the Board of Directors.

The Directors may hold the position of general manager, deputy general manager or other Senior Management, but the number of the Directors holding such positions shall not exceed half of the total number of the Directors.

Article 153. The term of appointment of the general managers shall be 3 years and may be reappointed.

Article 154. The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (1) To be in charge of the management of the production and business operations of the Company and to organize the implementation of the resolutions of the board of Directors;
- (2) To organize the implementation of the Company's annual business plans and investment plans;
- (3) To draft the plan for establishment of the Company's internal management organization;
- (4) To draft the Company's basic management system;
- (5) To formulate the specific rules and regulations of the Company;



- (6) To propose the appointment or dismissal of the deputy general manager(s) and chief financial officer of the Company;
- (7) To hire or dismiss management personnel other than those to be hired or dismissed by the Board of Directors;
- (8) To convene and preside over in person or authorize a deputy general manager to convene and preside over the general manager office's meeting, which shall be attended by the general manager, the deputy general manager, and other senior officers;
- (9) To determine rewards and punishment, promotion and demotion, increase and decrease of remuneration, employment, dismissal and discharge of the Company's staff and workers;
- (10) To exercise the powers of pledging, leasing, subcontracting or transferring the assets of the Company within the mandate of the Board of Directors;
- (11) Other powers conferred by the Company's Articles of Association and the Board of Directors.

The deputy general manager shall assist the work of general manager.

Article 155. The general managers shall report to the Board and the supervisory committee at their requests on the signing and implementation of material contracts, application of funds and loss to the Company. The general managers shall ensure the truthfulness of the report.

Article 156. The general managers shall formulate work regulations for managers, which shall be submitted to the Board for approval before implementation.

Article 157. General managers may resign prior to the expiration of their terms of office. The procedure and manner of the resignations of the general managers shall be governed by the employment contracts between the general managers and the Company.

Article 158. The general manager shall attend the meetings of the Board of Directors, but if he is not a Director, he shall not have the right to vote at such meetings.



Article 159. In the exercise of their functions and powers, the general manager and the vice general manager shall perform his duties in good faith and with diligence in accordance with laws, administrative regulations and the Company's Articles of Association.

When performing their duties, the general manager and the deputy managers shall not amend the resolutions of the shareholders' general meeting and the Board of Directors or exceed the scope of authorization.

#### **CHAPTER 14 SUPERVISORY COMMITTEE**

Article 160. The Company shall have a supervisory committee.

The supervisory committee is responsible for supervising the Board of Directors and its members, as well as the general manager, the deputy general manager and other senior officers to prevent them from abusing their powers, or infringing the legal interests of shareholders, the Company, and employees of the Company. The supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

Article 161. The supervisory committee shall be composed of 6 supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of a supervisor shall be 3 years. The election, appointment or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two thirds or more of the members of the supervisory committee.

Article 162. Members of the supervisory committee shall include 4 representatives of the shareholders and 2 representatives of the employees of the Company. The representatives of shareholders shall be elected and removed by the general meeting of shareholders. The representative of employees shall be elected and removed by the employees.

Article 163. The Directors, the general manager and other senior officers of the Company, including but not limited to the chief financial officer of the Company, shall not concurrently serve as supervisors.

Article 164: Meetings of the supervisory committee shall include regular meetings and extraordinary meetings. Regular meetings of the supervisory committee shall be held at least once every six months. Supervisors can propose to convene an extraordinary meeting of the supervisory committee as the case may require. Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee.

Article 165: Notice of regular meetings of the supervisory committee shall be delivered to all supervisors ten (10) days prior to the meeting in writing or by email, etc. Notice of extraordinary meetings of the supervisory committee shall be delivered to all supervisors two (2) days prior to the meeting in writing or by email, etc. In case of emergency for urgent extraordinary meeting of the supervisory committee, notice of such meeting can be given orally or via telephone, etc. The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) Contact person and contact information;
- (4) The date of dispatching the notice.

Article 166: The meetings of the supervisory committee may be convened by way of conference, teleconference or combination of both means.

Article 167. Where a replacement supervisor is not elected timely upon expiration of the term of a supervisor or the resignation of a supervisor during his term resulting in the supervisory committee having less than the minimum number of supervisors required by law, that supervisor must continue to perform his duties pursuant to the laws, administrative regulations and the provisions of the Articles of Association until the replacement supervisor takes office.

Article 168. The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:

- (1) To review the Company's financial position and the Company's regular reports and provide opinions thereon in writing;
- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties, to assess the performance of duties by Directors and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association, or resolutions of the shareholders' meeting;
- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company's interests;
- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (5) To propose extraordinary shareholders' general meetings, and to convene and preside over a shareholders' general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders' general meeting as prescribed in the Articles of Association;
- (6) To submit proposals to the shareholder's general meeting;
- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the "Company Law";
- (8) To supervise and evaluate the implementation of the information disclosure and the investor relations management of the Company; and
- (9) Other functions and powers as specified in the Articles of Association.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.

- Article 169. (1) Meetings of the supervisory committee shall be held only when a quorum of two-thirds or more of the Directors are present at such meetings.
- (2) The resolutions of the supervisory committee shall be approved by the affirmative votes of two-thirds or more of the supervisors of the Company.

Article 170. The supervisory committee shall take minutes of the resolutions of the meetings. Supervisors attending the meeting and the person taking the minutes shall sign the minutes. Supervisors shall have the right to request an explanatory statement of their speeches made during the meeting be recorded in the minutes. Minutes of the meetings of the supervisory committee shall be kept as the Company's files for at least over 10 years.

Article 171. The reasonable expenses incurred by the supervisory committee in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company. The reasonable expenses incurred by the supervisors who attend meetings of the supervisory committee shall be borne by the Company. These expenses include the traffic expenses covering the distance between the place where a supervisor is located and the place where a meeting is held (in the event that these two places are not the same), the fees of room and board during the term of the meeting, the rent of the place of the meeting and the local traffic expenses.

Article 172. The supervisory committee shall faithfully perform its supervisory duties in accordance with laws, administrative regulations and the Company's Articles of Association.

Article 173. Supervisors shall not exploit their connected relationship with the Company to prejudice the interests of the Company. Where they violate such provision thereby causing damages to the Company, they shall be liable for compensation.

Article 174. In addition to the obligations required by laws or the stock exchange where the Company's shares are listed, each supervisor shall take the following responsibilities in the exercise of the functions and powers granted to him by the Company:

- (1) To act faithfully and honestly in the best interests of the Company; and
- (2) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## **CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, GENERAL MANAGER, SUPERVISORS AND OTHER SENIOR OFFICERS OF THE COMPANY**

Article 175. A person shall not take the position of a Director, a supervisor or any senior officer of a Company under any of the following circumstances:

- (1) Persons have no capacity to undertake civil liabilities or restricted capacity to undertake civil liabilities;
- (2) Persons who were sentenced for crimes for corruption, bribery, encroachment or embezzlement of property or disruption of the social or economic order where five years have not yet lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not yet lapsed following the serving of the sentence;
- (3) Directors, factory managers or general managers who bear personal liability for the bankruptcy or liquidation of their Companies or enterprises due to mismanagement where three years have not yet lapsed following the date of completion of such bankruptcy or liquidation;
- (4) The legal representatives of Companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefore and three years have not yet lapsed following the date of revocation of such business licenses;
- (5) Persons who are personally liable for substantial debts which were due for payment but remains repaid;

- (6) Persons whose cases have been established for investigation, and have not been closed yet, by the judicial authorities as a result of their violation of the criminal law;
- (7) Persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
- (8) Non-natural persons;
- (9) Persons ruled by a relevant organization in charge have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not yet lapsed following the date of the ruling;
- (10) Any person confirmed by the securities regulatory authorities of the State Council as forbidden to enter the market and such restriction has not been removed.

A person holding other duties other than directorship in any entity of the Company's controlling shareholders and de facto controllers shall not hold the office of a Senior Management of the Company.

If a Company elects or appoints any Director or supervisor or engages the general manager or other senior officers in violation of the provisions of the preceding paragraph, such election, appointment or engagement shall be invalid.

If any of the circumstances as listed in Paragraph 1 of this Article occurs to a Director, supervisor, general manager or senior officer during his term of office, the Company shall dismiss him.

Article 176. No Director of the Company shall act in his own name on behalf of the Company or the Board unless pursuant to the provisions of the Articles of Association or with the legal authorisation of the Board. In the course of acting in his own name, a Director shall state his position and identity insofar as a third party may reasonably believe that such Director is acting on behalf of the Company or the Board.

Article 177. The validity of an act of a Director, a supervisor, the general manager or other senior officers of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

Article 178. Listing Rules In addition to the obligations stipulated by the laws, administrative regulations or the Listing Rules, a person holding other duties other than directorship in any entity of the Company's controlling shareholders and de facto controllers shall not hold the office of a Senior Management of the Company. The Directors, supervisors, the general managers or other Senior Management of the Company shall, in the exercise of the functions and powers of the Company entrusted to them, be obligated to bear the following duties towards each shareholder:

- (1) Not to cause the Company to operate beyond the scope of business stipulated in its business license;
- (2) To act in good faith in the best interests of the Company;
- (3) Not to expropriate the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company; and
- (4) Not to expropriate the shareholders of their personal rights or interests, (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

Article 179. When exercising their rights or performing their obligations, Directors, supervisors, the general manager and other senior officers of the Company shall be responsible for behaving with prudence, diligence and skills a reasonable and prudent person should do under similar circumstances.

When the shareholders' general meeting requires that any Director, supervisor, the general manager or any other senior officer attend a meeting as a non-voting attendee, such Director, supervisor, general manager or senior officer shall attend such meeting as a non-voting attendee and answer inquiries from the shareholders.

The Directors, the general manager and senior officers of a Company shall accurately provide the relevant information and data to the supervisory committee and shall not hinder the supervisory committee from exercising its functions and powers.



Article 180. The Company's Directors, supervisors, the general manager and other senior officers must, in the exercise of their duties, abide by the principles of good faith and creditability and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not be limited to) the fulfillment of the following obligations:

- (1) To act good faith to maximize the interests of the Company;
- (2) To exercise powers within the scope of their functions, without exceeding such scope;
- (3) To personally exercise the discretionary power without manipulated by other persons and, not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholders' general meeting that has been informed;
- (4) To equally treat shareholders of the same class and fairly treat those of different class;
- (5) Not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the consent of the shareholders' general meeting that has been informed;
- (6) Not to use the Company property for his own benefit in any way without the consent of the general meeting that has been informed;
- (7) Not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company by any means, including (but not limited to) favorable opportunities for the Company;
- (8) Not to accept commissions in connection with Company transactions without the consent of the general meeting that has been informed;
- (9) To abide by the Articles of Association, perform his duties faithfully, and protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;

- (10) Without the approval of the general meeting or the Board of Directors that has been informed, not to compete with the Company in any way;
- (11) Without the consent from the general meetings or the Board, not to lend the Company's funds to any other person; not to provide the Company's assets as security for the debts of any other person; not to use the Company's assets to set up deposit accounts in his own name or in any other name;
- (12) Not to disclose confidential information relating to the Company that was acquired by him during his office without the consent of the general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:
  - (i) Provided by law;
  - (ii) Required in the public interest; or
  - (iii) Required in the own interest of such Director, supervisor, manager or other senior officers of the Company.

Article 181. The Company's Directors, supervisors, general managers and other Senior Management shall perform their due diligence obligations towards the Company in pursuance to the laws, administrative regulations, Listing Rules and the Articles of Association as follows:

- (1) To exercise the rights accredited by the Company in a cautious, serious and due diligent manner so as to ensure the commercial behaviors of the Company shall be in compliance with the requirements of the laws, administrative regulations of the State and every national economic policy in the State, and the commercial activities shall not exceed the scope of business stipulated in the business license;
- (2) To treat all shareholders fairly;
- (3) To keep informed of the operation and management position of the Company on a timely basis;
- (4) To sign on the Company's regular reports for written confirmation in order to ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;

- (5) To provide true information and data to the supervisory committee, and not to interfere with the supervisory committee or supervisors in the exercise of their functions and powers;
- (6) To perform other due diligence obligations imposed by the laws, administrative regulations, departmental rules and the Articles of Association.

Article 182. The Directors, supervisors, general managers, deputy general manager and other Senior Management shall attend general meetings as requested by the shareholders and give explanations in respect of the shareholder's enquiries and suggestions.

Article 183. According to the obligation of good faith, a Director, a supervisor, the general manager or other senior officer of the Company shall not instigate the following persons or institutions ("**relevant persons**") to do things that Directors, supervisor, general manager and other senior officer are forbidden to make:

- (1) The spouse or minor child of such Director, supervisor, manager or other senior officers of the Company;
- (2) The trustee of a Director, supervisor, manager or other senior officers of the Company or of any person referred in Item (1) hereof;
- (3) The trustee of a Director, supervisor, manager or other senior officers of the Company or of any person referred in Items (1) and (2) hereof;
- (4) The Company in which a Director, supervisor, manager or other senior officers of the Company, whether alone or jointly with any person referred to in Items (1), (2) and (3) hereof or any other Director, supervisor, manager or other senior officers of the Company, has actual control; and
- (5) A Director, supervisor, general manager or other senior officers of a company being controlled as referred to in Item (4) hereof.

Article 184. The obligation of good faith of the Company's Directors, supervisors, the general manager and other senior officers does not necessarily terminate upon expiration of their term of office. Their confidentiality obligation in relation to the Company's trade secrets shall remain valid after the expiration of their term of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post as well as the circumstances and conditions under which the relationship with the Company terminates.

Article 185. A Director, a supervisor, the general manager or other senior officers of the Company may be relieved from liability for a specific breach of obligations after the general meeting has been informed, except in circumstances as specified in Article 67 hereof.

Article 186. Any Directors, supervisors, general managers and other Senior Management of the Company who are in breach of laws, administrative regulations, departmental rules or the provisions of the Articles of Association in carrying the duties to the Company and thereby causing losses to the Company, shall bear the responsibility for compensation.

Any Directors, supervisors, general managers and other Senior Management whose terms of office are not yet expired shall bear the responsibility for compensating the losses to the Company caused by their desertion of duties.

Article 187. If a Director, a supervisor, the manager or other senior officers of the Company has directly or indirectly vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except his employment contract with the Company), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board of Directors.

Unless the interested Director, supervisor, general manager or other senior officer of the Company has disclosed such interest to the Board of Directors as required under the preceding paragraph hereof and the matter has been approved by the Board of Directors at a meeting in which he was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the Director, supervisor, manager or other senior officers concerned.

A Director, a supervisor, the manager or other senior officers of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a connected person of that Director, supervisor, general manager or other senior officer has an interest.

If there is conflict of interests of a Director or his related persons in matters decided in the Board meeting resolutions, the Director shall be evaded and shall not participate in voting. In determining whether the quorum of Directors present at the meeting is met, the Director shall not be counted.

Article 188. If a Director, a supervisor, the manager or other senior officers of the Company gives a written notice to the Board of Directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such Director, supervisor, general manager or other senior officer of the Company shall be deemed for the purposes of Article 187 to have disclosed his interest, insofar as attributable to the scope stated in the notice.

Article 189. The Company shall not in any manner pay taxes for its Directors, supervisors, general manager or other senior officers by any means.

Article 190. The Company shall not directly or indirectly provide a loan or loan security for its Directors, supervisors, general manager or other senior officers, those of its parent company, or related persons of the above-mentioned persons.

The provision of the preceding paragraph shall not apply to the following circumstances:

- (1) The provision by the Company of a loan or a guarantee in connection with the making of a loan to its subsidiary:
- (2) The provision of a loan or loan security or other funds by the Company to a Director, a supervisor, the general manager or other senior officers of the Company under an employment contract approved by the general meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his Company duties; and

- (3) The provision of a loan or loan security by the Company to a relevant Directors, a supervisor, the general manager or other senior officers of the Company or to a related person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

Article 191. A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

Article 192. The Company may not be forced to perform a loan security provided by the Company in violation of the first paragraph of Article 190, except:

- (1) When the loan is provided to a related person of a Director, a supervisor, the manager or other senior officers of the Company or its parent Company, the loan provider is not aware of the condition; and
- (2) The collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

Article 193. For the purposes of the preceding Articles of this Part, the “security” shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligor.

Article 194. If a Director, a supervisor, the general manager or other senior officers of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and administrative regulations, have a right to:

- (1) Require the relevant Director, supervisor, general manager or other senior officers to compensate for the losses resulted from his dereliction of duty;
- (2) Rescind the contract or transaction concluded by the Company with the relevant Director, supervisor, general manager or other senior officers and contracts or with a third party (where such third party is aware or should be aware that the Director, supervisor, general manager or other senior officers representing the Company was in breach of his obligations to the Company);

- (3) Require the relevant Director, supervisor, general manager or other senior officers to surrender the profits derived from the breach of his obligations;
- (4) Recover any funds received by the relevant Director, supervisor, general manager or other senior officers that should have been received by the Company, including (but not limited to) commissions; and
- (5) Require the relevant Director, supervisor, general manager or other senior officers to return the interest earned or possibly earned on the funds that should have been given to the Company.

Article 195. The Company shall sign a written contract with each Director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the general meeting before it is entered into. The abovementioned emoluments shall include:

- (1) Emoluments in respect of his service as a Director, supervisor or senior officers of the Company;
- (2) Emoluments in respect of his service as a Director, supervisor or senior officers of a subsidiary of the Company;
- (3) Emoluments otherwise in connection with the management of the Company or any subsidiary thereof; and
- (4) Payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except in accordance with the aforesaid contract, none of the Directors and the supervisors shall bring a proceeding against the Company for any benefits he/she entitles in respect of the matters mentioned in this Article.

Article 196. The Company shall specify in the contract signed with a Director or supervisor of the Company concerning his emoluments that in the event of an acquisition of the Company, a Director or supervisors of the Company shall, subject to prior approval of the general meeting, have the right to receive the compensation or other funds he/she entitles for loss of office or retirement. For the purposes of the preceding paragraph, the term “an acquisition of the Company” shall refer to any of the following circumstances:



- (1) An offer of acquisition made by any person to the general body of shareholders;
- (2) An offer made by any person with a view to the offer or becoming a “controlling shareholder” within the meaning of Article 54 hereof. The definition of a controlling shareholder is the same to that defined in Article 68 hereof.

If the relevant Director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a proportional basis shall be borne by the relevant Director or supervisor and may not be paid out of such fund.

## **CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEMS**

- Article 197. The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and China’s accounting standards formulated by the State Council’s department in charge of finance.
- Article 198. The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law.
- Article 199. The Company’s accounting year is a Gregorian calendar year, from January 1 to December 31, representing a fiscal year.
- Article 200. The Company shall use Renminbi as its denominated currency for booking purpose. The accounts shall be prepared in Chinese.
- Article 201. The Board of Directors of the Company shall place before the shareholders at each annual shareholder’s general meeting the financial reports prepared in accordance with relevant laws, administrative regulations and other normative documents.
- Article 202. The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall provide a copy of such financial report to shareholders of overseas-listed foreign-invested shares by means of a public announcement or other means (if necessary) as prescribed in the Articles of Association no later than 21 days prior to an annual general meeting.

Article 203. The financial statements of the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

Article 204. Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

Article 205. The Company shall publish two financial reports every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

Article 206. Companies may not establish any accounting booking other than its statutory ones. Assets of the Company shall not be deposited in any account under the name of an individual.

The Company's statutory accounting booking shall be available to Directors and supervisors for review.

Article 207. After completion of the Company's interim financial report and annual financial report, the Company shall complete the formalities and announcements in accordance with the relevant Chinese securities laws, regulations and the provisions formulated by the Stock Exchange where the Company's shares are listed.

Within 4 months from the date of the expiration of each fiscal year, an annual financial and accounting report shall be submitted to China Securities Regulatory Commission and the stock exchange(s) respectively. Within 2 months after the first 6 months of each fiscal year, an interim financial and accounting report shall be submitted to the agency of China Securities Regulatory Commission and the stock exchange(s) respectively. Within 1 month after the first 3 and 9 months of each fiscal year, a quarterly financial and accounting report shall be submitted to the agency of China Securities Regulatory Commission and the stock exchange(s) respectively.

## **CHAPTER 17      DISTRIBUTION OF PROFITS**

Article 208. The after-tax profits of the Company shall be used according to the following sequence:

- (1) Making up losses;
- (2) Contributing to the statutory common reserve fund;

- (3) Contributing to the voluntary common reserve fund;
- (4) Distributing dividends of ordinary shares.

Specific allocation proportion of certain year mentioned in Items (3) and (4) of this Article shall be decided by the Board in accordance with the Company's business and development situations upon the resolutions of the general meeting of the shareholders.

Despite the above requirements, the Board of Directors may from time to time pay interim dividend deemed by the Board of Directors as allowed by the Company's profitability before the next general meeting of shareholders under the authorization made by the shareholders to Board of Directors at the annual general meeting of shareholders, without prior consent of the general meeting of shareholders.

Article 209. The Company may not distribute dividends before making up losses and allocating the statutory common reserve fund and the statutory common reserve fund. The Company shall not pay interest to the shareholders for dividends, except for matured dividends not paid by the Company. If the provision of this paragraph that profits are distributed to the shareholders before offsetting losses to the Company and allocating to its statutory surplus reserve is breached at a general meeting, the profits so distributed shall be returned to the Company.

Article 210. The Company shall contribute 10% of its after-tax profits to the Company's statutory common reserve fund. In the event that the statutory common reserve fund of the Company has reached 50% of the registered capital of the Company, no allocation is needed.

Where the statutory reserve fund is insufficient to cover the Company's loss from the previous year, the profits for that year shall be used to cover such loss before allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

Subsequent to the allocation of profit after tax to the statutory reserve fund by the Company, and as resolved at the general meeting, allocation may be made to the discretionary reserve fund.

Subsequent to the making up for the losses and allocations to the reserves funds, the balance of the profit shall be distributed to the shareholders in proportion to their shareholdings. Profit shall not be distributed in respect of the Company's shares held by the Company.

Article 211. The capital common reserve fund shall include the following items:

- (1) The premiums obtained from the issue of shares in excess of the par value; and
- (2) Other incomes that shall be included into the capital reserve as required by the competent financial authority of the State Council.

Article 212. The Company's common reserve fund includes the statutory common reserve fund, the voluntary common reserve fund, and the capital common reserve fund. The common reserve fund shall be used only for the following purposes:

- (1) To cover the Company's losses, provided however that the capital reserve fund shall not be used to cover the Company's losses;
- (2) To expand the Company's production and operation; and
- (3) To convert the common reserve fund into the share capital of the Company. The Company may convert its common reserve fund into capital subject to the resolutions of the general meeting. When such conversion takes place, the Company shall either distribute new shares in proportion to the existing shareholders' number of shares or increase the par value of each share. When any part of the statutory common reserve fund of the Company is converted to capital, the balance of such fund shall amount to not less than twenty-five percent (25%) of the registered capital the Company had before such conversion.

Article 213. The Company's profit distribution policy is as follows:

- (1) The Company adopts consistent and stable profit distribution policy, which should emphasize on investors' reasonable investment return while ensuring the Company's continuous development;
- (2) The Company may distribute dividends by way of cash, bonus shares or a combination of both, and cash dividends are preferred by the Company in profit distribution;

- (3) When the condition allows, subject to the authorization at the general meeting, the Board may distribute interim dividends or bonus;
- (4) The annual profits distributed by the Company by way of cash shall not be less than 25% of the profit available for distribution for the year, provided that the capital needs for the Company's normal production and operation are satisfied and there is no such events as material investment plan or material cash expense;
- (5) If the net profit of the Company for the year increases by 20% from last year, the Board of the Company may propose the profit distribution plan for distributing bonus shares.

Article 214. The procedures for the Company's profit distribution decisions and execution are as follows:

- (1) After thoroughly analyzing various factors such as the industry development trend, the Company's production and operation, the future investment plan and external financing environment, and fully considering the requirements and intentions of shareholders as well as the opinions of independent directors and the supervisory committee, the Board shall formulate the Company's annual profit distribution plan and propose the same to the general meeting for approval within three months from the close of each financial year in accordance with the profit distribution policy set out in the Article 213 of the Articles of Association.
- (2) The Company shall announce the advices of the independent Directors while publishing announcement on Board resolutions or notice of the relevant general meetings. When the profit distribution plan is being considered at the general meetings, various means shall be adopted to communicate and exchange ideas with the shareholders, especially the minority shareholders, and their opinions and demands shall be fully listened to.
- (3) The profit distribution plans can only be implemented upon being considered and approved at the general meetings of the Company.

- (4) After the resolution on profit distribution plan was passed at the general meeting, the Board shall finish the distribution of dividends (or bonus shares) within two months after convening the general meeting.

Article 215. If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the Board shall propose a resolution on the adjustment of the profit distribution policy based on the actual situation, and the adjusted profit distribution policy shall not breach any regulations of the CSRC and the stock exchanges and shall be for the best interests of the shareholders. The independent non-executive directors shall issue written review opinions on the adjustment of the profit distribution policy and the relevant proposals on the adjustment of the profit distribution policy, after being considered by the Board, shall be proposed to the general meetings for consideration and approval by more than two thirds of the voting rights held by the shareholders present at the general meetings.

The reasons for adjustment of profit distribution policy and the opinions of independent non-executive directors and external supervisors shall be disclosed in the regular reports of the Company.

Article 216. Dividends or other distributions for ordinary shares shall be distributed and denominated in Renminbi.

Dividends or other cash distributions for domestic shares shall be paid in Renminbi.

Dividends or other cash distributions for overseas-listed foreign shares listed in Hong Kong shall be paid in Hong Kong dollar in accordance with the requirements of foreign exchange administration measures of the PRC. The exchange rate to be used for the conversion shall be the average closing exchange rate of Hong Kong dollar against Renminbi for each of the business day during the week prior to the declaration date as quoted by the People's Bank of China.

Article 217. When distributing the dividends, the Company shall withhold the withholding taxes payable by shareholders on the dividend incomes in accordance with the requirements of the taxation law of China.

Article 218. The Company shall appoint receiving agents for holders of the overseas-listed foreign-invested shares. Such receiving agents shall receive dividends and all other amounts that the Company shall pay to holders of overseas-listed foreign-invested share on such shareholders' behalf.

Article 219. The receiving agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the stock exchange(s), where the shares are listed. The receiving agents appointed for holders of overseas-listed foreign-invested shares listed in Hong Kong shall each be a Company registered as a trust Company under the Trustee Ordinance of Hong Kong.

Article 220. The Company shall establish an internal audit system by employing professional audit staff, who shall conduct internal audit and control over the financial incomes and expenses and the economic activities of the Company.

The Company's internal audit system and the responsibilities of the audit personnel shall become effective after the approval of the Board. The person in charge of the audit shall be accountable and report to the Board.

Article 221. Under the premise of compliance with the relevant Chinese laws and regulations, the Company may exercise the power of forfeiture on unclaimed dividends, provided that such powers shall not be exercised prior to the expiration of the applicable limitation of action.

The Company reserves the right to terminate the delivery of dividend warrants to holders of overseas-listed foreign-investment shares by post if such dividend warrants are not encashed for two consecutive times. However, the Company may also exercise the right if such dividend warrants fail to reach the recipients at the first time and are returned.

The rights of selling shares of unavailable shareholders shall not be exercised unless the following conditions are met: (a) The dividends of relevant shares have been distributed at least three times in 12 years, during which the dividends have not been claimed; and (b) The Company advertises its intention of selling the shares on newspapers after the end of the 12 years and informs the Stock Exchange of Hong Kong.

## **CHAPTER 18 APPOINTMENT OF ACCOUNTANCY FIRM**

Article 222. The appointment of the accounting firm engaged by the Company shall be decided by the general meeting, the Board shall not engage any accounting firm prior to the decision of the general meeting.

The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State with "qualifications to practise in securities related business" to audit the Company's annual reports and review the Company's other accounting reports.



The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the Board of Directors shall exercise such power.

Article 223. The term of employment of the accounting firm shall commence from the end of the annual general meeting of the Company to the end of the next annual general meeting. The engagement may be renewed upon expiry.

Article 224. The Company shall warrant to provide true and complete accounting evidence, books, financial and accounting reports and other accounting information to the accounting firm it engages and shall not refuse, hide such information or provide false information.

Article 225. An accounting firm appointed by the Company shall have the following rights:

(1) The right of access at all times to the account books, records or vouchers of the Company and the right to require Directors, the general manager and other senior officers of the Company shall provide the relevant information and explanations;

(2) The right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and

(3) The right to attend general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accountancy firm.

Article 226. If the position of accounting firm becomes vacant, the Board of Directors may appoint an accounting firm to fill such vacancy before a general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.

- Article 227. The general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of employment, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.
- Article 228. The remuneration or payment of remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm employed by the Board of Directors shall be determined by the Board of Directors.
- Article 229. The appointment, dismissal or refusal of the renewal of the employment of an accounting firm shall be decided upon by the general meeting and filing to the State Council authorities in charge of securities for the record.

Where a resolution at a general meeting is passed to appoint an accounting firm other than an incumbent accounting firm, to fill any vacancy in the office of the accounting firm, to reappoint an accounting firm which was appointed by the Board of Directors to fill a causal vacancy or to remove an accounting firm before expiry of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent before the issue of the notice of general meeting to the accounting firm proposed to be appointed or proposing to leave its post or the accounting firm which has left its post in the relevant fiscal year.

Reference as leaving herein includes leaving by removal, resignation and retirement.

- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to give a notice of such representations to the shareholders, the Company shall take the following measures unless it has received the representations too late:
  - (i) In any notice of the resolution given to shareholders, state the fact of the representations having been made by the accounting firm leaving its post; and

- (ii) Attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Company's Articles of Association.
- (3) If the Company fails to circulate the accounting firm's representations in the manner set out in the second paragraph of the Article, such accounting firm may require the representations to be read out at the meeting in addition to his right to be heard;
- (4) The accounting firm which has left its post shall be entitled to attend the following meetings:
  - (i) The general meeting at which its term of office would otherwise have expired;
  - (ii) The shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
  - (iii) The general meeting which convened as a result of its resignation;

The leaving accounting firm shall have the right to receive all notices of, and other information relating to, any such meeting, and to speak at any such meeting which it attends on any affair which concerns its duty as previous accounting firm of the Company.

Article 230. When the Company dismisses or does not renew the employment of an accounting firm, it shall give a notice to the accounting firm in advance. The accounting firm shall have the right to make representation at the shareholders' general meeting. Where an accounting firm tenders its resignation, it shall inform the shareholders' general meeting of whether there is any irregularity in the Company.

- (1) An accounting firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:
  - (i) A statement to the effect that there are no circumstances connected with its resignation which it considers necessary to be explained to shareholders or creditors of the Company; or

- (ii) A statement of any such circumstances as it considers necessary to be explained.
- (2) The Company shall, within fourteen (14) days after receipt of the notice referred to in the first paragraph, send a copy of the notice to the relevant governing authority. If the notice contains a statement referred to in item (ii) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall provide a copy of such statement to shareholders of foreign-invested shares by means of a public announcement or other means (if necessary) as prescribed in the Articles of Association of the Company.
- (3) Where the accounting firm's notice of resignation contains a statement of any circumstances as it considers necessary to be explained, it may require the Board of Directors to convene an extraordinary general meeting for the purpose of listening to the explanation of the circumstances connected with its resignation.

## **CHAPTER 19      LABOR MANAGEMENT AND TRADE UNIONS**

- Article 231. The Company shall formulate systems of labor management, personnel management, salary, welfare benefits, and social insurance in accordance with laws, regulations and applicable administrative rules of the PRC.
- Article 232. The Company employs management staff members at all levels by appointments and employs ordinary employees under contracts. The Company may make its own decisions on staffing and is entitled to employ and dismiss managers and employees independently according to provisions of laws, regulations, and labor contracts.
- Article 233. The Company is entitled to make its own decisions on salaries and benefits of management staff members at all levels and all types of employees according to its own financial situation and in compliance with China's relevant laws and regulations.
- Article 234. The Company shall arrange medical insurance, pension insurance and unemployment insurance for the Company's management staff members and ordinary employees in accordance with China's laws and regulations. It shall implement the laws, regulations and relevant provisions on labor insurance and labor protection of the retired and unemployed workers.

Article 235. Employees of the Company may organize a labor union in accordance with the applicable laws to conduct labor union activities and protect the legal rights and interests of the employees of the Company. The Company shall provide necessary conditions for labor union activities. The Company shall follow China's relevant laws to allocate labor union funds for holding labor union activities.

## **CHAPTER 20      MERGER AND DIVISION OF THE COMPANY**

Article 236. For a merger or division of the Company, the Board of Directors shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted in accordance with the procedures specified in the Articles of Association. Shareholders who oppose such proposal on the merger or division of the Company shall have the right to require the Company or shareholders who are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Holders of overseas-listed foreign-investment shares listed in Hong Kong shall be provided copies of the above-mentioned document by means of a public announcement or other means as prescribed in the Articles of Association.

Article 237. Merger of the Company may take the form of merger by absorption and merger by the establishment of a new Company.

For merger of companies, the merging parties shall enter into a merger agreement and prepare balance sheets and a property list. The Company shall notify its creditors within ten (10) days of the passing of the Company's merger resolution and shall publish a public notice in a newspaper within thirty (30) days of the passing of the Company's merger resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

Upon completion of the merger, the Company that survives the merger or the newly established Company shall assume the claims and debts of the parties to the merger.

Article 238. If the Company is to be divided, its property shall be divided accordingly.

For division of the Company, the parties to the division shall enter into a division agreement and prepare balance sheets and an asset list. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and publish newspaper announcements on the division within 30 days from the date on which the division resolution is passed.

The companies in existence after the division shall bear joint and several liability for debts owed by the Company prior to the division unless otherwise stipulated in a written agreement concluded between the Company and the creditor with respect to the repayment of such debts prior to the division.

Article 239. Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registration authority according to law. Where a new Company is established, its establishment shall be registered according to law.

## **CHAPTER 21 DISSOLUTION AND LIQUIDATION**

Article 240. The Company shall be dissolved and liquidated according to laws under any of the following circumstances:

- (1) If the general meeting resolves to dissolve the Company;
- (2) If dissolution is necessary as a result of the merger or dissolution of the Company;
- (3) If the Company is declared bankrupt according to laws because it is unable to pay its debts upon maturity;
- (4) If the Company has its business license revoked, is ordered to close down or is liquidated lawfully as a result of violation of laws or administrative regulations;
- (5) If a Company has met such difficulty in its business operations that the continued existence of the Company will cause serious losses to the interests of the shareholders and such situation cannot be rectified by any other means, the shareholders that hold more than ten percent (10%) of the voting rights of all the shareholders may petition the people's court to dissolve the Company.

Article 241. Where the Company is to be dissolved pursuant to items (1) and (4) of the preceding article, a liquidation committee shall be formed within 15 days to start the liquidation process. The members of such liquidation committee shall be determined by the shareholders' general meeting by way of an ordinary resolution.

Where the Company is to be dissolved pursuant to Items (3) and (5) of the preceding article, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Article 242. If the Board of Directors decides that the Company should be liquidated (except for liquidation as a result of Company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the Board of Directors has conducted comprehensive investigation on the Company's conditions, and that the board holds the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

The functions and powers of the Board of Directors shall terminate immediately after the shareholders' general meeting has adopted a resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting, and not less than once a year make a report to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation. It shall make a final report to the general meeting when the liquidation is completed.

Article 243. The liquidation committee shall notify creditors within 10 days following its establishment, and shall publish an announcement of the liquidation in a newspaper within 60 days. Creditors shall report their creditors' rights to the liquidation committee within thirty (30) days after the date of receipt of the notice from the Company or, in the case of creditors do not receive such notice, within forty-five (45) days after the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

When reporting creditors' rights, the creditors shall explain matters relevant to the creditors' rights and shall provide evidentiary materials. The liquidation committee shall register the creditors' rights. During the course of declaration of the claims, the liquidation committee shall not pay off the creditors.



Article 244. The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) To thoroughly examine the Company's property and prepare a balance sheet and a property list;
- (2) To notify the creditors of the Company of its liquidation by notice or announcement;
- (3) To deal with and dispose of the relevant unfinished business affairs of the Company;
- (4) To pay all outstanding taxes;
- (5) To settle claims and debts;
- (6) To dispose of any assets of the Company that will remain after all its debts have been paid off; and
- (7) To participate in civil litigation on behalf of the Company.

Article 245. After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or People's Court in charge for confirmation.

Article 246. Liquidation expenses, including the remuneration of the members and consultants of the liquidation group, shall be paid by priority allocation from the Company's property before other creditors' debts are settled.

Article 247. Upon the Company's decision of liquidation, no one shall dispose the Company's property without approval of the liquidation committee. During liquidation, the Company may not engage in new business activities.

After the payment of liquidation expenses with priority, the Company's assets shall be distributed in accordance with the following sequence:

- (1) Unpaid salaries, social insurance premiums and statutory compensation of employees of the Company;
- (2) Social insurance premium and statutory compensation fund;
- (3) Outstanding taxes;

(4) Debts of the Company.

The liquidation committee shall follow the following sequence to distribute the Company's assets left after the full payment of the Company's debts to the Company's shareholders according to the class and proportion of their shareholding.

- (1) Distribution shall be made to holders of preferential shares according to the par value thereof; if the surplus assets are not sufficient to repay the amount of preferential shares in full, the distribution shall be made to holders of such shares in proportion to their respective shareholdings;
- (2) In the case of ordinary shares, distribution shall be made to holders of such shares in proportion to their respective shareholdings.

During the period of liquidation, the Company continues to exist, but it shall not carry out any business activities which are irrelevant with the liquidation. The Company's property shall not be allocated to the shareholders before repayment has been made according to the preceding paragraph.

Article 248. Members of a liquidation committee shall be devoted to their duties and perform their liquidation obligations according to law.

Members of a liquidation committee shall not take advantage of their functions or powers to accept bribes or seek other illicit gains or to convert any assets of the Company. If a member of the liquidation committee causes any losses to the Company or its creditors willfully or through gross negligence, such member shall be liable for compensation for such losses.

Article 249. If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court immediately for a declaration of bankruptcy according to laws.

After the People's Court has ruled to declare the Company bankrupt, the Company's liquidation committee shall refer the liquidation matters to the People's Court.

Article 250. Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, an income and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or People's Court in charge of confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or People's Court in charge, the liquidation committee shall deliver the same to the Company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

Article 251. If the Company is declared to be wound up in accordance with the laws, it shall be liquidated in accordance with the relevant laws of enterprise liquidation.

## **CHAPTER 22 PROCEDURES FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION**

Article 252. The Company may amend the Articles of Association in accordance with laws, administrative regulations and the Articles of Association.

Article 253. The Board shall amend the Articles of Association in accordance with the resolution of general meeting and the opinion of the relevant regulatory authorities.

Article 254. The Company shall amend the Articles of Association under any of the following circumstances:

- (1) Subsequent to the amendments to the Company Law, Listing Rules or the relevant laws and administrative regulations, the matters provided for in the Articles of Association are in conflict with the provisions of the amended laws and administrative regulations;
- (2) Changes in the state of affairs of the Company are inconsistent with the matters provided for in the Articles of Association;
- (3) The general meeting has decided to amend the Articles of Association.

Article 255. An amendment to the Company’s Articles of Association which is relevant to the “Mandatory Provisions” and subject to approvals of applicable authorities according to related laws and regulations shall become effective upon approvals. Where an amendment to the Company’s Articles of Association involves matters of Company registration, the Company shall apply for registration according to applicable laws.

Article 256. In the event that the amendments to the Articles of Association concern disclosable information in accordance with the laws, administrative rules and Listing Rules, they shall be announced to the public as required.

### **CHAPTER 23 NOTICE AND ANNOUNCEMENT**

Article 257. Notices of the Company shall be issued by the following means:

- (1) in person;
- (2) by post;
- (3) by way of public announcement;
- (4) other means provided for in the Articles of Association.

Article 258. Listing Rules Subject to the compliance with all applicable laws and regulations and the Listing Rules of the place(s) where the Company’s shares are listed and the Articles of Association, the Company may send, mail, dispatch, issue, publish or otherwise make available any corporate communication by sending or otherwise making available the corporate communication using electronic means, including but not limited to electronic mails, compact disks, or the website of the Company and the website of the stock exchange(s) of the place(s) where the Company’s shares are listed, to the shareholders of H shares.

Article 259. (1) Unless as otherwise provided for in these Articles of Association, all the notices, materials or written statements issued by the Company to holders of overseas-listed foreign-invested shares shall be delivered by messenger or by pre-paid mails to the registered address of each holder of such shares.

- (2) Any shareholder who does not provide his registered address or is not available due to wrong address information shall be deemed to have received the notice if the Company has shown such notice at the Company's legal address for at least 24 hours.
- (3) The notice given to holders of domestic shares by the Company shall be published with a public announcement in one or more newspapers or periodicals designated by the state's securities regulatory institution. Such notice shall be deemed to have been received by all the holders of domestic shares once such a public announcement has been published.

Article 260. If the notice of the Company is given in person, the recipient shall sign (or seal) on the acknowledgement slip, which date shall be deemed to be the date of delivery; if the notice of the Company is issued by way of public announcement, the date of the first public announcement shall be deemed to be the date of delivery. The notices to be sent by mail shall be clearly addressed and pre-paid before being posted by mail. Such notice shall be deemed to have been received by shareholders 5 days after the date of dispatch.

Article 261. Shareholders or Directors may send any notice, document, data or statement in writing to the Company's legal address through registered mail or assigned person, or hand it over to or deliver it by registered mail to the Company's registration agent.

To prove that the notice, document, data or written statement have been provided to the Company, shareholders or Directors shall provide evidence to the timely delivery of such notice, document, data or written statement to the right address by usual means or prepaid postage.

Article 262. The China Securities designated by the Company and/or other national newspapers and magazines designated by the administrative authorities of securities of the State Council and other newspapers and magazines and websites designated by the Board shall be the media for publication of the Company's announcement and disclosure of information otherwise required.

## **CHAPTER 24 DISPUTE RESOLUTION**

Article 263. The Company shall abide the following principles for dispute resolution:

- (1) If any dispute or claim concerning the Company's business on the basis of the rights or obligations provided for in the Articles of Association or in the Company Law or other relevant laws or administrative regulations arises between a holder of overseas-listed foreign-investment shares and the Company, between a shareholder of overseas-listed foreign-investment shares and a Director, a supervisor, the general manager or other senior officers of the Company or between a holder of overseas-listed foreign-investment shares and a holder of domestic shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, Director, supervisors, the general manager or other senior officers of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of members shall not be required to be settled by means of arbitration.

- (2) A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic or Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) Unless otherwise provided by laws or administrative regulations, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in Item (1).

- (4) The award of the arbitration institution shall be final and binding upon each party.

## CHAPTER 25 EXPLANATIONS

Article 264. The Company's Articles of Association are written in Chinese and English. If there is any discrepancy between the two versions, the Chinese version of the Articles of Association shall prevail.

Article 265. In the Articles of Association, the terms and expressions listed below shall have the following meanings, except alternative meanings according to the context:

“Articles of Association”	the Articles of Association of the Company
“associate”	The meaning is the same to that defined in the Listing Rules promulgated by the Stock Exchange of Hong Kong Limited
“Board of Directors”	The Board of Directors of the Company
“Chairman of the Board”	Chairman of the Board of Directors of the Company
“Company Communication”	Any document issued or to be issued to holders of any securities for reference or action, including but not limited to: (a) The report of the Board of Directors the Company's annual accounts together with a copy of the auditor's report and (if applicable) summary financial report; (b) The interim report (if applicable) and summary interim report; (c) The notice of meetings; (d) Listing document; (e) Correspondence; and (f) the proxy form (has the meaning ascribed to it under the Listing Rules)
“Company Secretary”	The Company Secretary appointed by the Board of Directors



“Directors”	Directors of the Company
“domestic shareholders”	has the same meaning as shareholders of A shares within the Articles of Association
“foreign shareholders”	has the same meaning as shareholders of H shares within the Articles of Association
“Independent Directors”	the Directors who do not hold any position in the Company other than the Directors, and have no relationship with the listed companies and their respective major shareholders that may hinder such Directors’ ability to make independent and objective judgments, and comply with the requirements on independence as stipulated in the relevant rules of the stock exchange(s) on which the Company’s shares are listed
“legal address”	154 Jian She Road, Luoyang, Henan Province, PRC
“Listing Rules”	the rules governing the listing of securities on the stock exchange(s) in the place(s) where the Company’s shares are listed
“Renminbi”, “RMB”	The legal tender of China
“Senior officers”	The general manager, general managers, chief financial officer, and secretary of the Board of Directors
“The State”, “China”, “PRC”	The People’s Republic of China
“The Stock Exchange of Hong Kong”	Stock Exchange of Hong Kong Limited

- Article 266. The term “accounting firm” as used in the Articles of Associations shall have the same meaning as “auditors”.
- Article 267. The Board may formulate rules and principles in accordance with the Articles of Association. Such rules and principles shall not be in conflict with the provisions in the Articles of Association.
- Article 268. For the purposes of the Articles of Association, the term “not less than”, “within”, “not more than” are all inclusive terms while “not exceeding”, “above”, “less than”, “more than” and “exceeding” are exclusive terms.”
- Article 269. The Board of Directors of the Company shall be responsible for the interpretation of the Articles of Association.
- Article 270. The Articles of Association includes the rules for procedures for the general meetings, the rules of procedures for the Board meetings and rules of procedure for the supervisory committee.